

# LABOR IN THE CHANGING WORLD

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R. M. MACIVER



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# LABOR IN THE CHANGING WORLD

BY  
R. M. MACIVER



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## PREFACE

Now that the conflict of nations is ended, let us hope forever, another conflict, the abiding and paramount issue between labor and capital, takes the center of the stage. What is that issue? Whither is it driving us? What way of deliverance is possible from the grievous disturbances and monstrous evils which it reveals? These questions I have sought to discuss and if possible to answer in this little book.

I have limited myself to the central question, the place of labor in the industrial system. The real issue lies beyond the recriminations in which both sides indulge. It is of course natural that the workers should insist on the exploiting selfishness of employers in general, and that employers should charge the workers in general with slackness and irresponsibility. Each party can bring evidence to support its indictment. But what is the conclusion? That workers, in the situation of employers, would be less grasping? Or that employers would be more industrious and "loyal" if

put in the place of working men? Of course not. And if not, although the aforementioned evidence is symptomatic, the recrimination, the *ethical* condemnation, is vain. For it is the difference in situation that evokes the difference in character. It is due to the unlike fate of like-motivated human beings within the economic system. The system, with its assignment of power and lack of power, of opportunity and lack of opportunity, the system with its evocation of the tempers and attitudes akin to the necessities which it imposes—the system alone is impeached.

Every great social division divides also, at just this point, the thoughts of men. For it raises this fundamental question: Shall we impute the responsibility to human nature primarily, assuming that the system, or lack of system, within which the division falls, is on the whole consequence and not cause; or have we ground for the belief that a practicable change of system would mitigate, if not heal, the division? The conservative answers, "You must first change human nature," assuming also, as a rule, that this is not practicable, perhaps not desirable. The advocate of reform answers that a change of system can, without changing

human nature at all, reveal a change of heart. Most obviously this question is raised to-day in respect of the disastrous international divisions of the civilized world; and according as men in general are led to accept one or the other of these alternatives, the whole future of the world will turn this way or that.

And surely no less may be said of this other great cause of offense, the economic division summed up in the words "labor" and "capital." Have we any basis here for the more optimistic view that a change of system can precede and evoke a change of heart—or, more precisely, for that is all our argument requires, an effective change of mood?

Patchwork will certainly not avail, and I have therefore laid no stress on the half-hearted and sometimes deceptive devices that pass under the names of profit-sharing and "co-partnership," nor yet on those conciliation schemes which, however useful in their own place, are calculated to bolster up the existent order. On the other hand, the success of such experiments as have seriously attempted to organize production to serve the common interest of the producers encourages the hope



that a real program of industrial reconstruction is not only necessary but feasible.

But, apart from such experiments, there are certain general considerations which may here be advanced. It is in the first place necessary to regard the industrial system as an evolution without fixity or finality, and assuredly dependent at any time on the motives of its half-creators and half-slaves—for it is true of every institution that it both springs from and dominates the wills of men. When the will of a large class within the system changes—and I try to show in what follows that it has been changing rapidly—the system itself either changes or breaks. It breaks if the dominant minority-will is so obdurate as to induce a counter spirit of dominance on the opposite side. Then we have Bolshevism, the seed of which is always sown and nurtured by its bitterest foes.

On the other hand no open-minded observer, certainly no educator, can fail to be struck with the wonderful way in which men normally respond to the institutional systems within which they grow. There is a most significant contrast between the enduring, and often too rigid, framework of institution and custom on the one hand

and on the other the responsive spirit of each fresh generation before it in turn takes on the cast of time. Change the system, and beyond doubt you change also the thoughts of men. Wherever it is practicable to remold the system to express a new ideal, it is certain that you thereby perpetuate that ideal. Now a world-earthquake has shaken the social system, including also the economic order. The forces allied to the old order are already at work to restore and to confirm it. Those who believe in a new order must seize the perhaps brief time of opportunity. They must proclaim alike an ideal and a practicable way of its attainment.

The root of industrial evil is the present wage-system. The ideal towards which we must strive is some more coöperative order of production within which there at length remains, as we now understand these terms, neither "capitalism" nor "wagery," neither wanton upliftedness nor hazardous dependence, neither prodigal waste nor sheer degrading poverty. Thus roughly stated, the ideal doubtless suggests revolution. All ideals do, or else they remain forever ideals. But revolution as a result and not a means, revolution as

the significance of a new order duly established by intelligent process, not the blind catastrophe of despair. Perhaps fate offers us finally the choice between these two.

There is a temper of revolution which is but the other side of the seal of tyranny. From such no new order can arise, only a grotesque reversal of established dominance. There is also a temper of revolution which, with no less prophetic a vision of the end to be attained, would yet build in patient determination, rejecting no stone that may be fitted into the new edifice. From such alone can a new order proceed.

What is to be feared for America is that the apathy of the majority and the narrow domination of a plutocracy owning unprecedented power may, while repressing the constructive spirit, provoke yet further in the subject ranks of labor the spirit of anarchy and overthrow. This would be countered by an increasing conservatism in the rest of the community, including the superior ranks of labor. Thus America, which already, for all its magnificent opportunities, is laggard in the movement of industrial progress, may prove that nowhere is it so hard to change an old order as in a new world.



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# LABOR IN THE CHANGING WORLD

## CHAPTER I

### THE ECONOMIC FOUNDATIONS AND THE SHAKEN SUPERSTRUCTURE

*The assault of new ideas. The position of the State: the new limits to its sovereign power. The transformation of the economic order. The significance of "labor unrest."*

*The foundation of economic order in the increasing necessity of coöperative production. Importance in this connection of the growth of productivity as compared with population. The alternative channels of the energy and resources so liberated.*

## I

IT is the law of nature, for nations and for men, that they pass through the crumbling stages of past life to new experiences. These they must receive or they inevitably decay. There are

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periods of secretion and gestation and also of travail and birth; periods of quiescence and also of struggle; periods of slow growth and also of violent transition. It is our fortune to live in the disturbing days of great changes, fulfilled and impending, in a time of national travail and of new deliverance. The war, it is said, has shaken society to its foundations,— to its foundations, yes, but the foundations themselves remain. The superstructure is shaken, but the foundations are in the heart of humanity; and, while that endures, while men hunger and thirst, while they love and fear, while their wants and strivings can be satisfied only by obedience to the abiding laws both of their own nature and of the outer world, the bases of society endure.

I am not advocating the hoary fallacy that human nature does not change. Man changes all things else upon the earth because he changes himself first. He builds new worlds because he is himself different. He widens the bounds of society because his own mind is widened. He masters the forces of nature because his own intelligent force has grown. But, though social forms and institutions pass away, the ties which

bind men in society are not thereby broken. Men remain dependent upon one another; rather, they grow more dependent on one another. The common welfare grows more, not less, real; more, not less, insistent. The foundations of society can never fail while the truth stands that the essential needs of men are best or alone fulfilled in the mutuality and coöperation.

The foundations remain, but the superstructure of institution is badly shaken. There is scarcely a social institution that the storm of war has left wholly unscathed. Some will soon be repaired, but others must be rebuilt. These last, though bulwarked by custom, had been weakened by the continued assault of new ideas, by the growing urgency of conscious needs seeking a satisfaction these failed to give. The war broke the seals of custom and thereby gave potency to the attacking forces.

For in these days of history-making it is well to remind ourselves that the only thing that does make history is a change in men's ideas. Finally, it is not wars or conquests, not King or Emperor or President, it is the ideas which they represent or incarnate, the ideas which they stimulate or



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repress, that change the face of the world. Actions fade into memories, but ideas live as long as there is a brain to think them. Over them alone time has no sway, but it is they that give time its meaning. We divide them into epochs because of the changing thoughts of men. Actions are circumscribed by the hour and the place. Ideas are winged and seek all over the earth for the receptive soil; just as the germ mysteriously appears where its appropriate breeding place is prepared, so wherever the spiritual soil is favorable the idea finds its way. It waits patiently for the hour and the place that it may strike root, and there it grows and fructifies and can be extruded only by the presence of another and more potent idea. An old Scottish theologian used to speak of the "expulsive power of a new affection." The phrase may be applied to ideas. No force, no medicine, nothing but the expulsive power of a new idea can drive out that vital germ from the mind of man.

The war confounded the general sense of security which exists in an ordered society, disturbed that complacency which the more fortunate wrap around them as a garment, and still more com-

pletely dissipated that spirit of acquiescence which the less fortunate acquire as part of their adjustment to life's conditions. The ferment of ideas is more advanced in the older lands, but it inevitably spreads, as do most socio-economic movements, from east to west. It is well, therefore, that we should ask ourselves, with special reference to the labor situation, just what has been shaken and what remains as solid rock.

First, the position and power of the State itself has been subject to the assault of new questionings. Never in history has the State been so supreme, so absolute, as it became under the necessity of war. Never did it enter so intimately and so irresistibly into the life of every individual, assigning to millions the issues of life and of death, prescribing what men shall work at, what they shall eat, what they shall wear, even what they shall think. In earlier times the theory of absolutism went further, but it required the modern centralized mechanism of production, it required the modern press, it required the network of railway, telegraph and telephone, to arm the central political authority with swift and universal dominion over the lives of men. And yet

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underneath there were forces at work which were preparing to challenge as never before the old principle of State-sovereignty. While the menace of autocracy was being thrust down, democracy itself in its historic significance was insecure and full of doubt. The struggle for democracy had been, historically, a struggle for the liberty of representative parliaments. The struggle seemed over, the liberty achieved, and men felt a curious dissatisfaction with the result. Consider the mother of parliaments herself. It was only in 1911 (when the veto of the Lords was broken) that the last stage of its emancipation was complete, the end of an age-long struggle. And yet when the war was over and the time came to elect a parliament that, constitutionally, must decide the most fateful questions ever submitted to any body of men, most observers recorded an unwonted indifference on the part of the electorate. Many felt that it was not there, or by these representatives, that the fate of the world would be decided. Within the nation there had grown up other powers, great new associations that the political sovereign had perforce to recognize. With the most formidable of these powers,



the opposing forces of capital and of labor, the English parliament, all-powerful in name, omniscient by constitution, has been compelled to treat, as one power with others, ostensibly acting as mediator, but doing so not of choice but of necessity. The State is no longer Leviathan, supreme and alone. It is one collectivity among others. It finds new and strange limits to its power.

In the international situation another change of the political structure is being prepared. Federation of peoples, which nearly all men regard as desirable in some form, cannot be attained without a surrender of a part of the old sovereignty of the individual state. Besides the national parliament there may arise the international parliament. It is well to recognize that this would profoundly affect the currents of national life, that it would mean the stimulation of new ideas, that it would mean in particular a further and progressive revision of the idea of political sovereignty. It would create new problems for democracy, showing that the mere achievement of full parliamentary institutions, far from being the final solution of the prob-

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lem of liberty and order, was but the first step on a long journey of peril and of hope.

Enough may have been said to explain the statement that the political structure has been shaken by the power of new ideas. Much that once seemed sure has grown uncertain, much that once men accepted as cardinal political principle is questioned. Those who look for finality in human institutions must journey elsewhere on their fruitless quest. I turn next to the economic structure, the true storm-center of the struggle.

The present economic system is often described as a competitive one. The description has long ceased to be accurate, if it ever was. In reality the present system is the unstable resultant of two opposing sets of forces, the competitive and the anti-competitive, and the latter has been gaining ground at the expense of the former. This is revealed very markedly in three ways: in the growing control of the state over economic conditions, ranging from actual ownership to such legal determinations as Factory Acts ensure; secondly, in the vast modern organization of capital, by means of amalgamations, trusts, cartels, selling agreements, interlocking directorates, associations

of manufacturers, associations of agricultural producers, alliance of banks with trust companies and industrial corporations, and so forth; and, thirdly, in the extension of unionism among the workers. The semi-automatism of the competitive system is being in part superseded by the conscious effort of these three great forces to gain or retain control of the productive process, and, perhaps still more, by the struggle between the two latter, capital and labor, to obtain the greater share of the product and in the effort to use the machinery of the state.

While these mighty contests are straining the whole industrial fabric, the strife is gradually concentrating around the wage-system. Here is the real significance of what we call labor unrest. As it grows self-conscious it proves to be nothing less than an ever more resolute attack upon a system. We shall go far astray if we think that praise or condemnation, of either side, has any relevance to the situation. The worker, if he changed places with the employer, would be overpersuaded by the system even as the employer is; the employer, if he changed places with the worker, would likewise learn the bitterness and inertia

of wage-earning. Employers and workers alike are bound up in a system which neither has created, but naturally the attack comes from the side which suffers from it most. Labor unrest witnesses to a deep-rooted evil. It springs from poverty, hazard and privation, but still more from the sense of exploitation and the frustration of opportunity—for all of which it accuses the wage-system. Labor unrest is not something to be exorcised, it is not even something to be feared. It is part of what distinguishes the human being from the sheep. It is inevitable in a civilization which leaves from twenty to forty per cent of the industrial population in a state of sheer destitution, and which concentrates, as in Great Britain, two-thirds of the total wealth of the country in the hands of one-seventieth of its population, or, as in America, the same proportion in the hands of one-fiftieth of the population. It is part of the eternal striving of humanity for a better and fuller life, fraught no doubt with all the difficulty and aberration, but also with all the necessity which accompanies every process of growth. The unrest of to-day makes the civilization of to-morrow. Had there been no unrest in



the stone age, the world would be still in the stone age.

It is our duty to understand this momentous uprising, to examine it with clear and fearless eyes, to search beyond symptoms for causes. Let us not think of it as a mere troubler of the peace. It exists because there is no peace. Let us not dismiss it as agitation, as disturbance of the established order. It exists because there is deep-seated disorder. We should no more meet it with reproof and indictment than a physician reproaches or indicts a disease. We should no more seek to remove it by vain palliatives or vainer incantations than a physician seeks thus to remove the causes of disease. If those of us who are not in the ranks of labor do not go out with sympathy and understanding to apprehend the human meaning of these discontents, we are but helping to give them narrower, more bitter, and more explosive character. Blindness is always the counterpart of revolution.

A great new consciousness of need has arisen within the present system of industry. It is in part the product of education, and in part the product of machinery. For education, the educa-

tion fostered by experience rather than by the schools, has brought a greater consciousness at once of dignity, of power, and of possibility. It teaches men to refuse the position of being a commodity, to be bought and sold without regard for the human costs of the buying and selling. When once that degradation becomes conscious, it ceases to be long tolerable, and the days of any system which makes it necessary are numbered. Machinery was in a measure the means of that degradation. Machinery massed men and depersonalized their work. It destroyed the old craftsmanship—the intimate relation of the worker to the integral product of his hands. Machinery is man's great agent of deliverance from the drudgery of life, but it offers deliverance at a price. The price is the loss of the specialized skill known as craftsmanship. Machinery breaks down the barriers between crafts. It does not destroy skill but it generalizes it. It specializes function and generalizes skill. It has destroyed the mystery, the exclusiveness, and the privilege of the old crafts. No longer can the workman find in his specialized function the living interest which a man seeks in his work. He must now gain less

narrow interests, even as his skill is less narrow. He must share in the interest of the whole process of production of which his work is a fragment. He must consciously coöperate in production, as one who is a partner in production. The absence of this spirit of coöperation is the final indictment of the present breaking system, and there will be no peace until that spirit is regained. Ask almost any employer, and he will tell you that the workmen have no interest in their work. Lord Leverhulme, for example, declares that the present system turns the workers into a race of ca'canny shirkers and slackers. What can you expect? Has it not always been true that the hireling flees because he is a hireling?

The loss is twofold, in the effect upon character and in the effect upon productivity. When men lose interest in their work they lose the sense of responsibility. Much of the energy of life is lost, and much is misdirected. The demand for mere excitement witnesses to the loss of a more central interest. Because men fail to find interest in their work they pursue the spurious excitations of sensationalism, to the provision of which all social institutions, but especially the press, the pic-

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ture house, and the pulpit, may be perverted. The balked intrinsic desire, the natural desire of men to fulfill themselves in their work, issues in a restless craving for extrinsic and unsatisfying stimulation. On the other hand, there is the direct economic loss. Is it not a curious commentary on our economic order that the great mass of those who produce should take pains to lower their own productivity? While in all other things men seek to be efficient, here they seek not uncommonly to be inefficient. The sense of opposing interests means, here as elsewhere, inefficiency; the sense of a common cause alone brings coöperation, and therefore efficiency. But in industry in general there is cleavage, not coöperation, and therefore inefficiency. The general conclusion is clear. A way of coöperation, of partnership, must be found which will unite all producers in the work of production, making it the common interest of them all, so that men cease to feel as the helots and hirelings of their fellowmen. All significant schemes of industrial reconstruction, such as that of the Whitley Committee in Great Britain, are directed to the attainment of this end. They recognize the necessity for a new order, a more



representative order, a more coöperative order. This cannot be attained without changes of great importance in the economic superstructure of society.

## II

The economic foundations are secure. Every advance of society, every discovery, every application of science, make the foundations more secure. For they make men more dependent upon one another over greater areas of community. Already not one of us but employs unwittingly the hands and brains of countless thousands of his fellowmen. Carlyle prophetically saw it when he declared that not an Indian could quarrel with his squaw but the world must smart for it—the price of beaver would rise! That hyperbole grows in fact more true with every advance of science, for science destroys isolation and establishes interdependence. The history of man is in one aspect the history of the growth of an organization which diversifies the work of each, making each more dependent on others in order that by the surrender of self-sufficiency he may receive back a thousandfold in fullness of life. It is

becoming true between nations as between men. The world knows to-day that a nation cannot injure another without doing grave injury to itself. What it has yet to learn is the happier counterpart of that truth, that a nation cannot serve itself, cannot honestly prosper, without benefiting other nations also.

Coöperation is more fruitful than conflict. Man works to satisfy his need, and seeks to do so in the most economical way. He therefore chooses more and more the method of coöperation. Economy and society go hand in hand. Where there is no society there is waste. Where there is social dissension there is waste. The greatest waste in the modern world, from the economic standpoint, exceeding even the waste of the warfare between nations, is that of the warfare between Labor and Capital. If that seems a hard saying, it is because we have not realized the extraordinary wastefulness of industrial disharmony—the waste of unemployment, the waste of labor turnover, above all the waste of unwilling task work. This warfare will never be ended, it will almost certainly grow worse, until labor ceases to be mere labor and capital to be mere capital. This

means equality of opportunity, so that neither status nor accumulated wealth, but natural endowment and quality shall determine leadership in industry. It means security against exploitation, so that none shall grow rich out of the poverty of others. It means assurance of employment, so that none who have the will and capacity to work shall seek for it in vain. It means a more representative system of industry, so that all who share in its toil shall have the right to express their needs through an orderly constitution. It means industrial citizenship, so that no class shall be without a voice in the determination of its fate. Let us clearly understand that the alternative to these conditions is no longer, in the present temper of our civilization, the retention of the present system—it is the ferment of revolution, and revolution can gain, by whatever violence and disturbance, no other ends than these. It may attempt more, but it cannot obtain more. Any economic order whatever must rest on the economic foundations of society. Men must finally adopt the system which is in the widest sense most economical, the system which, with the least expenditure, produces most of what men require to satisfy their

needs. Neither the selfishness of the few nor the tyranny of the many can long defeat the lesson of experience. Because coöperation is in the long run most economical, men must in the long run resort to coöperation. They must, whether they desire it or not, obtain their individual ends through economic solidarity.

There was only one lion in the path which could have made this progress impossible. The most formidable question, within the economic sphere, which any man has ever asked, was that raised by Malthus. Malthus raised the question of productivity versus population. He held that there was a constant tendency for population to outrun productivity. The increase of mankind was naturally more rapid than the increase of the means of life. If this were true, then men must always be subject, in the absence of a prudential control which Malthus thought desirable but rare, to endless conflict, and the economy of coöperation could never be established. But the period that has elapsed since the works of Malthus first disturbed the optimism of the early nineteenth century has witnessed developments which have removed that terror and implanted, in the more



fearful-minded, another of a very different kind. Falling birth-rate and falling death-rate, in all civilized countries, witness to profound changes in the social order. Into the significance of these changes we cannot here enter. It must suffice to state the conclusion, which many facts and figures could be brought forward to substantiate, that there is now every reason to believe that productivity is advancing more rapidly than population. The period of war was a sad exception and yet the unheard-of economic waste of that period, while yet the general standard of living suffered comparatively little, furnished a remarkable proof of the general truth. In all civilized communities there is created in every normal year a surplus of production over consumption, a surplus which, as increased capital, can be made to enhance continually the general standard of economic prosperity.

This is a fact of immense significance. It opens up a prospect full of hope. It points to a time, in the quite near future, when a recognized minimum of material comfort shall eliminate the sordid destitution in which multitudes are living to-day. The philosopher Godwin held the view

that in the truly scientific age half an hour's work a day would suffice for the satisfaction of material needs. We may think such a statement absurd and utopian, but it is worth while reflecting that probably some such minute fraction of modern industrial activity is in many directions as productive as the whole weary day of work which our ancestors of not many generations back endured. The spindles of Lancashire to-day produce as much as would have required the services of two hundred million men unaided by machinery. Of course needs grow with the power of satisfying them. Need is the hydra which whenever one head is cut away grows two new ones in its place. If it were not so, there would be in the world to-day no poverty and little wealth.

Let me dwell for a little on this hydra character of human needs. It has an important application. When an original need is satisfied, two new possibilities of satisfaction are revealed. When, for instance, men have provided for their need of food their former desire may go out towards a finer diet, not more food but different, or it may be diverted into some different channel altogether. When all the primary organic needs of

men are satisfied, men may either refine on these, seeking their more luxurious fulfillment, or they may pass to the satisfaction of what we may call higher needs, cultural needs. Usually, of course, both directions are pursued together, and the character of a civilization is defined by the degree of stress it lays upon one or the other. Capua went one way and Jerusalem another; Florence went one way and New York another. In every case the foundation is the economic one, the satisfaction of the primary needs. In Aristotelian terms, there must be life before there can be the good life—or the luxurious life. Man is economist before he is either stoic or epicurean. Hence, man's increasing productivity, his increasing control over the material environment, opens out two great avenues of life. Being liberated from the pressure of organic necessities, he may be carried by the very momentum of the previous effort to satisfy these into the ever more intensive pursuit of their endless varieties of refinement. If he follows that way, and that alone, his liberation is illusory. As the power of satisfaction grows, custom and habit turn into necessity what was formerly otiosity. The pressure of necessity is

restored, with the difference that a hundred necessities have taken the place of a few. I do not mean to imply that the refinement of organic needs is not itself a process of great cultural significance, but only that the complete engrossment in these prevents that greater liberation of the spirit which the enjoyment of intrinsic interests can bestow. This is the other great avenue which man's economic mastery prepares. Here is the greater emancipation, in the spirit of free devotion to ends in themselves worth while, in the pride not of possession but of the quality of life, in the satisfaction of workmanship and art, in the understanding of men and in the appreciation of nature, in the sense of fruition through the exercise of all man's faculties. These are the treasures laid up in heaven which thieves never break through to steal, for taking does not impoverish nor does withholding enrich. This is the living bread which can be distributed among the multitudes and grows the more it is divided.

These intrinsic satisfactions are in part the alternative to, in part the complement of, the former. They are different modes of seeking what all men seek as naturally as the plant the



light—the sense and reality, the thrill, of living. One mode is extrinsic, because it is shallow and impermanent and rests on comparison and contrast; the other is intrinsic, because it is deep and permanent and satisfies in the direct relation of subject to object. In our civilization this latter avenue is all too neglected. If only the claim of intrinsic interests were more imperative, it would restrain the encroaching habituation of further extrinsic interests, and thus redirect some of the enormous social expenditure of energy which the satisfaction of these involves. It would thus in time ensure for all men that liberation from engrossment in mere necessity which is the final condition of the fulfillment of life.

The civilization of this continent, even more than that of Europe, needs to be saved from absorption in these extrinsic interests. It was inevitable, in a land of great resources newly opened to exploitation, that the extrinsic interests should dominate the mind and the temper. It was inevitable that, until the economic foundations were fully laid, the cultural interests should be neglected. But this too exclusive devotion to external ends at last defeats itself. For it creates pov-

erty as well as wealth, by an excessive diversion of resources to material display. It hinders social coöperation and stimulates division. It develops one aspect of character at the expense of another, and robs life of the finer satisfactions. In the new lands, where the appeal of wealth is most insistent, there is a development of mere forcefulness at the expense of personality. It means finally that many who have obtained amply the means to live have lost in the scramble the faculty of living. I remember a conversation related to me of a New York architect who builds elaborate houses for wealthy Americans. "Do they get any happiness out of them?" he was asked. "No," he replied; "it drives them crazy," adding, "and I think it will some day drive me crazy too." So the fine arts are perverted because men have not learned to build on the economic foundations. They have not learned the lesson of the intrinsic devotion demanded for all permanent satisfaction. The stones of civilization have been quarried and cut, but no formative soul has built them into its own home and abiding monument. Here we have all the stones for the great building, a land broad and rich in resources, a soil that yields as yet on

the average but a fraction of its potentiality, a people enduring, healthy-minded and clear-willed. What is less manifest is the spirit of coöperation in communal purposes, the sense of direction towards a goal, in a word, social education.

This is true in some sense of our whole modern civilization, European as well as American. Narrow, dividing, extrinsic interests, born of engrossment in material aims, have threatened civilization itself. They still threaten it, though one great peril is past. They threaten it because men still believe that the gain of one nation is necessarily the loss of another, not understanding how much more fruitful, both materially and spiritually, is coöperation than conflict. Even the deep sense of a sacred international cause, which led multitudes to death and mutilation in willing but awful devotion, has scarcely sufficed to teach that lesson. They threaten it too because men still believe that within industry the methods of autocracy and oligarchy are possible, in a world that has suffered so much in the name of the opposite cause. If recent events have any lesson for us at all, it is that the common interest must be widened, and that the narrow ambitions of nation or class in

these days of interdependence must end in mutual disaster.

This is the spirit in which it is necessary to approach the whole problem of labor and its new demands.

## CHAPTER II

### THE CHANGING ATTITUDE OF LABOR

*The conflict of interest between labor and capital. The new attitude of organized labor as revealed in the causes of strikes. The danger ahead. A new order or else chaos.*

IN the flux of all things, of ideas and of systems, which the war has hastened rather than created, it was not to be supposed that so unstable an equilibrium as that of "capital and labor" would remain as it was before. On the contrary, the situation has changed, rapidly and momentarily. It is of the greatest importance that the movement in question should be understood as widely as possible. Without understanding, tragic errors are inevitable, and the world we live in has had enough of these. This matter concerns us all, whether we employ others or serve for hire, and will concern us more closely in the near future. My object in these pages is to explain the new situation as best I can discern it.



Naturally it is full of uncertainties, and there is room for much difference of opinion. Such difference is welcome and salutary so long as it springs from honest attempts to read the situation, so long, that is, as we are not content to follow, without questioning, the guidance of our own immediate interests but seek to find, in the light of the facts, what is to the interest of the country as a whole.

The change in the situation is due mainly to a new attitude on the part of labor. We often think of the relation of capital and labor as a kind of warfare, and it is part of the truth that capital and labor, as at present constituted, are ranged against one another as opposing forces. Anyone who to-day speaks of the "essential identity of interest between capital and labor" is convicted thereby of either simplicity or hypocrisy. Is there identity between costs and profits? Is not business run for profits, and is not labor a cost from that point of view? Does not the worker seek to enhance that "cost" by securing as high wages as he can? Does not the ordinary capitalist seek to minimize it, like other costs, by employing the cheapest grade that will serve;

by getting, through long hours, low wages, and intense application, as much out of every unit of labor cost as he can; by substituting for it machine-power whenever it pays to do so; and in general by making for it only such provision as brings an economic return—which, be it observed, is naturally less in the case of the worker than in that of the machine, for new machines involve heavy capital expenditure but new workers can be procured, seemingly, with no initial outlay? We may find modifying principles in the “economy of high wages,” the superior efficiency of moderately short hours, the saving effected by a low percentage of turnover, and so on; but, important as these principles are, their limits are obvious. Even if they were applicable much further than we have any reason to suppose, they would not remove the fundamental difference. For how can there be identity of interest between two parties one of which seeks to diminish what the other seeks to augment, to one of which accrues all of the joint product that it can withhold from the other?

Let us be quite clear on this point. There is common interest actually in so far as coöperation exists, potentially in so far as coöperation is bene-

ficial. We say that labor and capital coöperate in production, and that both are equally necessary to production. Does this mean that the product is due to the joint activity of the two, that there is actually a division of labor between the two? That is clearly too simple a doctrine, for of the two parties one merely owns the means whereby the other produces. Capital so understood is a passivity, not a productive function. Capital may be owned by an infant or an idiot or an "estate" or any other anonymity. The change of ownership would make no difference to the productive process of such. It would affect the distribution of the product, not directly the sum total produced. This fact would be obvious were capital properly distinguished from management and enterprise, which are active functions in production. Capital must be owned and must be offered for purposes of production, but it need not, so far as production is concerned, be owned by anyone in particular. So far as production is concerned it might be owned by labor or by management, it might be owned by the State or the community. That is a matter of social expediency or justice, not of economic necessity. The socialist position is not

turned by the argument that capital is as necessary as labor. The extremest revolutionary can still accept that doctrine.

The coöperation of management and workers is something essentially different from that of labor and capital, and is necessary to production in an entirely different sense. The question of the relationship of management and workers would be a comparatively simple matter were it not that management is usually associated with and directly dependent on one only of the two parties, worker and capitalist. Were it not for that one-sided dependence we could regard management and workers as joint producers simply, whose relative position and reward depended on the comparative rarity of the higher as compared with the lower capacity. In this situation there would then be no world-shaking problem, but just one of the ordinary matters of occupational adjustment.

But as between capitalist and worker the case is far more difficult and baffling. Even if we assume that both capitalist and worker are essential to production does it follow that the common interest in production suffices as a ground of agree-



ment? Men produce in order to possess and to consume. With functions so disparate, so incommensurate, so remote from equality in human costs, who can assign a principle of "fair" division that both parties will accept? Hence, if there is a paramount necessity of coöperation, that necessity, within the present economic order, creates, not identity of interest, but the equilibrium of opposing forces. Within the most remarkable system of "coöperative" production the world has known, a dangerous and bitter struggle is all the time being waged.

In this struggle, labor must be regarded as the offensive, capital as the defensive force. They have been organizing for the conflict their respective sides, but capital has organized to defend a position already taken, labor to gain what it regards as territory of which it has been despoiled. Capital would be glad to make peace on the basis of the *status quo*, labor refuses the *status quo*. Capital upholds the existent order, the prevailing law, the established industrial régime. Labor has been challenging it, and it is upon that challenge that the battle is being joined.

In recent years the challenge has been grow-



ing more insistent. It has also been changing its form. A century ago labor was fighting for the mere right to organize, fighting almost as an outlaw in society, with government openly on the opposing side. A century ago, in Great Britain, unions of workers were illegal, and in America the common law of conspiracy was a convenient engine to condemn the first combinations to raise wages. Out of a thousand confusions the issue has now emerged clearer and sharper. The separation and the consolidation of opposing interests are more complete. And to-day labor feels a new consciousness of power. It has widened its claims, its horizon is no longer limited to the living wage. It demands a share in prosperity and a voice in the control of industry. A study of the causes of strikes reveals a significant change in recent years. In the early days nearly all disputes were over questions of wages or of hours. It was taken for granted by both sides, apart from a few "extremists," that the general regulation of the conditions of work was a matter which pertained to the employer alone. The business was his business, and it was his to decide. But the attitude of labor on this point

has been changing. For reasons which will be mentioned later, this is more manifest in Europe than in America. But labor in America is likely, as a result of the war, to be more influenced than before by the attitude of labor in other countries. In any case the trend of industrial evolution is inevitably in this direction. In America, too, the signs of the times are being displayed to all who have eyes to see. For example, the 21st report of the U. S. Department of Labor presents an analysis of the causes of strikes and lockouts in the period 1881-1905. During that period 43 per cent of the disputes were due to wages, 5.4 per cent to hours of work, and 19 per cent to questions connected with the recognition of the union. But this last cause was growing more important all the time, until by 1904 it had become as great a source of disturbance as the wage question. Similarly, in Canada, an analysis of the *Report on Strikes and Lockouts*, 1901-16, published by the Department of Labor, reveals the fact that in disputes concerning wage increases the average time-loss through strikes per employé affected was 19 days, in those concerning hours 24 days, but in those concerning union-recognition it was actu-

ally 75 days. The disputes on this ground were therefore, though fewer in number, much more bitter. This is very significant. It is also very significant that the most difficult "labor troubles" which the U. S. Government faced during the war, for example, in shipbuilding, were due to the demand of the unions, and the resistance to that demand, for recognition and a share in control. It has been so in Great Britain also, and the British Government, as we shall see in a later chapter, has been impelled to adopt a plan whose uniqueness in the history of industry reveals more clearly than anything else the new labor situation.

If these things happened in the green tree of abundant employment at good wages, while the great stimulus of patriotism reënforced the ordinary advantages of industrial harmony, what shall be done now in the dry, in the time of transition and the loosening of bonds, in the great disturbance of the readjustment to normal life, when men's thoughts are unsettled, and their loyalties again confused? In view of the gravity of this situation it is ostrich foolishness to talk, as some still talk, of the essential unity of the interests of capital and labor, and to preach mutual good-

will as if that alone would see us through. The *system* of industry must be readjusted to meet the need. The system is being attacked; here as elsewhere reconstruction is demanded. The foundations of common interest must be broadened before the fair superstructure of goodwill can be securely raised.

The war has destroyed many things; it has not destroyed, but rather nourished, the roots of industrial strife. For its material legacy is debt, a vast array of claims on future production, which will increase the consciousness of power in the interest-receiving class and increase the consciousness of burden in the wage-earning class. (This in itself is a potent reason for the cancellation of the war-debt, by the most rigorous levies, in as short a period as possible.) And there remain, not abated but surely intensified, the old deep grievances of the sheer poverty that thwarts and clogs and stunts so large a portion of the people. There is still that insecurity of employment which creates in men a haunting dread and a sense of alienation, well justified by the bitter compulsory demoralization of the out-of-work. There is, more than ever, that contrast of wealth flaunting



its superfluities and poverty stinted of its barest needs which impels not only the victim of the latter but every honest man to ask, "Is it inevitable, is it just?"

These things are not new, but the world has been changing in other ways. The age of the machine has taught its lessons. By making men more dependent on one another it made them more equal in power—as soon as they realized what interdependence meant. By making men masters of mechanism it gave them a new sense of power, so that they have come to regard authority with different eyes, and to question the tradition accepted by their fathers. By bringing the ends of the earth together, while it has built the paths of commerce, it has broken the grooves of custom. Capital found undreamed-of resources, but labor is finding undreamed-of solidarity. So it was before the great war came to shake what remained of the old sense of stability.

In such a time it is systems and not men that are on trial. The old order changes; if it does not yield place to a new order there is chaos. We so cling to the old order, we so fear the unsettlement of the new, that were the choice possible we would



choose to stand still—but the choice is no longer possible. The demands of the new situation cannot be ignored; they must be faced, in the interest of the whole.

## CHAPTER III

### THE MODERN CLAIMS OF LABOR

*Is labor a commodity? Labor is not, but is often treated as a commodity. The heart of the issue, labor as commodity v. labor as personality. The acceptance of the latter view as involving "economic democracy." Its meaning and necessity. Economic power and political power. The place of management in industry.*

#### I

WE have seen that the attitude of labor has been changing, that its leaders demand not simply better wages and shorter hours, not simply improved conditions of work, not merely the protection against stress and accident which might be given even to machines when they become precious enough to their owners—but a new position in industry, a new industrial order. What that means I must now try to make explicit.

In a word, labor is demanding release from the category of commodities. This is a demand of tremendous importance. To understand it we

must enquire into the meaning of that ambiguous word "commodity." A commodity is literally a convenience, something whose value lies in the service it can render to others, in the use which can be extracted from it, in its sole quality as economic means. The protest of labor, writes the brilliant author of *National Guilds*, "only becomes reasonable and irresistible when the workers consciously base their claim upon the fundamental fact that to sell labor as a commodity is a degradation; that to reduce the untiring efforts of mankind to the level of cotton and coal is a crime and sin against the Holy Ghost. . . . A commodity is something that has exchange value; labor is priceless, and, therefore, its value cannot be expressed. To give it any parity with copper or timber is to reduce it to a chattel—in practice, though not in form, to chattel slavery." A commodity is value-for-others only, a person is a value-for-himself. A commodity is something at the disposal of others, and thus marketed and marketable simply for its economic qualities, as a machine might be, as a slave—or his labor—used to be. It was the fact that his labor was a commodity which made the man a slave.

Now when the question is raised, Is labor a commodity or not? the answer in strictness must be, labor is not a commodity, but it may be treated as such. A man may be worshiped as a god, but that does not make him a god. A man may be used as a beast of burden, but that does not turn him into a beast of burden. Nor is labor a commodity because it is in too great measure treated as one. To its proper owner, to the seller of labor, it never is a commodity, for he knows that the manner of its use or disposal, no less than the price of it, profoundly affects his well-being, his personality, his selfhood and social quality. *He* is under no temptation to "give it parity" with copper or timber. Where his labor goes he must go too. As it is used, so is he used. It is not a separable property which a man may sell and think about no more. It is the capacity of a person, which can never be summed up in terms of economic value. So the wage-earner, as he grows conscious of the meaning of labor, does all he can to prevent its being treated as a commodity.

Every Factory Act, every Workmen's Compensation Act, every Industrial Insurance Act, every Minimum Wage Act, records a further step in

the social recognition of the truth that labor is something else than a commodity. But the logic which justifies these has a far wider application. The same logic which forbids these obvious sacrifices of producer to product, which forbids that the welfare of many shall in that direct way be sacrificed to the wealth of few, requires the final ordering of the whole system of production to secure first the welfare of those who produce.

The treatment of labor as commodity was one of the evils which sprang from the separate embodiment of capital and labor in two distinct classes, as the result of the great industrial process which created modern capital with all its dangerous and all its beneficent powers. This separation led the buyer of labor to regard it as simply one cost in production, to be, like any other cost, reduced to the minimum. The drive of the competitive system made it impossible for the average employer to resist this tendency. It was not, and is not, his fault, but the inevitable outcome of the system. The resistance, however, had to come mainly from the side of labor, and, after long suffering from its effects, labor is now attacking the system whose remorseless wheels



have been one great cause of its woe. It attacks the system because it makes labor no more than a means to be bought as cheaply as possible, a means to be employed, used up, driven, cared for, or scrapped according to its productive efficiency; because it values the raiment produced above the body that produces it, and profits more than persons. In spite of the ameliorations which modern industrial legislation has brought, the commodity-treatment of labor is still too obvious.

Here in fact is the heart of the present issue, Is labor to be treated as a commodity, to be bought and sold like any other, subject to the vicissitudes of a mere article of trade, even though it is, as the old song says, the buying and selling of the "lives of men"? Or is labor to grow into an effective partner in industry, a citizen and not merely a subject within that kingdom? For there, we must realize, is the alternative to the commodity-position. No mere schemes of conciliation and arbitration, no superficial devices of profit-sharing, no show of patriarchal solicitude or philanthropic patronage, will heal this great and growing division. Much ingenuity has been spent on plans of arbitration and conciliation in

industry, private and governmental, compulsory or voluntary, with such intermediate forms as the Canadian "Lemieux Act"; but they have generally disappointed the hopes of their authors. The sweep of the conflict has been but little affected, but little diverted, by these inadequate breakwaters. The most ambitious of them, compulsory arbitration, supported by Government, is now as a normal method almost universally condemned. Certain forms of conciliation have received a greater but still very partial acceptance. For all these plans are remedial by intention, not preventive. They assume on the whole the existing order, and they assume a code of industrial justice which does not yet exist. Their success would prevent the creation of the new order for which the more enlightened part of labor is striving; their failure is the best proof that a new order is required. And it is instructive that in general those conciliation schemes have worked best which have not been mere temporary devices to end disputes which had arisen, but methods for bringing the management and the workers more continuously together in consultation.

The most successful conciliation schemes, such

as the remarkable instances in the Women's Clothing Industries of New York City, have generally been part of a wider scheme of organization. And when they have broken down, as in part in the above mentioned case and as, notably, in the famous case of the Brooklands agreement in the Lancashire cotton industry, it is because labor demanded a greater share of control than capital was willing to yield.

This points the direction towards which industry must move. Whatever else may be necessary it is clear that in the present temper of labor there is not the slightest hope of permanent success attaching to any plan which does not bring management and workers to one council table, not merely when disputes have already arisen, but continuously concerning all those matters from which disputes arise. Anything short of that leaves labor still in the position of a commodity—save that, unlike all proper commodities, labor resents the character so bestowed and proves its inappropriateness by endless insurrection and unrest. To its seller, the wage-earner, labor always has meant, must mean, personality—life and the conditions of living; to its buyer, the employer,

it has meant, under the drive of the competitive system and the pursuit of profits, only one raw material of production. It was inevitable that the wage-earner should come to insist, as soon as he felt the power to do so, on his being regarded from the former point of view. It is inevitable that, if his power and his enlightenment grow, he will insist upon it more and more.

Right down to the roots of the present discontents the distinction between labor as commodity and labor as personality pierces. It is the claim of labor as personality which raises the issue above mere class selfishness and places it on the broad ground of social welfare. It is in the light of that claim that the solution must be sought and found.

## II

Most of us are willing enough to do lip-service to the creed that labor is not, and should not be treated as, a commodity. Is it not, for example, now written in the law of the United States "that the labor of a human being is not a commodity or article of commerce"? But few realize how far that simple admission carries. For there is



but one alternative to being treated as a commodity, which is being treated as a person. And being treated as a person means being treated as one possessed of mind and will, capable of being educated, capable of being appealed to, capable of being self-directed—with a thousand other capacities of which, for this purpose, the most important is that he works for the sake of living (and as a part of living) and does not live for the sake of working. In a word, the denial of the labor-commodity principle is meaningless or else it is the affirmation of the principle of "economic democracy."

"Economic democracy"—the new phrase, the new demand, has to many a sinister, to others an inspiring sound. There are many who proclaim their faith in political democracy but stir uneasily when for "political" the adjective "economic" is substituted. The portentous word "Bolshevism" rises to the lips. They conjure up the picture of business taken over by a mob of workmen, without knowledge, without subordination, without responsibility—or else run, with equal inefficiency to a like disastrous end, by popularly elected governments. If that were indeed the transla-



tion of "economic democracy" the condemnation would be just. Such experiments as have been made in that form of economic "self-government" have nearly all ended in shipwreck. But is that the meaning of the demand? It is too widespread, too vehement, to be evaded. It is too important to be misunderstood. Misunderstanding creates dangers where they did not exist before, whereas understanding may remove the dangers that exist.

The real demand of the worker is simple and unequivocal, however hard the translation into practice may prove. He is rebelling against the status of mere servant, as every intelligent being does in his heart. If there is any authority in the command, to do as we would be done by, it condemns the flat denial of this demand. For it is only those who possess this liberty who think that others should not have or share it.

The growing need of the situation cannot be better stated than in a passage from the Report of the Commission appointed in 1917 to inquire into the causes of industrial unrest in Great Britain. This Commission was divided into eight sections, each assigned to one section of the coun-

try. The eight reports are of one accord in their recommendations, but the fullest and perhaps the most interesting, was that of Division No. 7, presided over by Mr. D. L. Thomas, Chairman of the Workers' Educational Association of Wales. It contains the following: "We have repeatedly referred to the spirit of antagonism that has sprung up—the hostility to capitalism and the employing class on the one hand, and the too prevalent hostility to trade-unionism on the other. . . . A new spirit of partnership is therefore essential. The precise mechanism of that partnership, especially its details, can be left to be invented and developed at a later stage under the influence of the new spirit. It must be a growth from within, not something imposed from without, and it will doubtless take different forms in different industries and possibly in different localities also. But there should be a clear perception at the start of at least the leading principles on which that partnership or coöperation of the parties engaged in industry is to be based.

"Two such principles, if we may so call them, appear to us to be fundamental:

"(a) That the present system should be modi-

fied in such a way as to identify the worker more closely with the control of the industry in which he is engaged.

“(b) That every employé should be guaranteed what we may call ‘security of tenure’; that is, that no workman should be liable to be dismissed except with the consent of his fellow-workmen as well as his employer.

“The frank acceptance of these two principles would, we believe, constitute such a recognition of the personality of the worker as would instantly appeal to the better and nobler side of his nature, and would furnish a strong and steady stimulus to the development of a sense of responsibility within him. It would tend to remove the impression which so widely prevails in the ranks of labor that to the ordinary employer, labor is but a commodity to be bought cheap in the same way as its output is to be sold dear.”

The “economic democracy” set forth in these statesmanlike words is neither bogey nor idle dream. It represents the ever-growing, ever more vocal demand, not only of labor, but of all who, impressed with the social and economic wastefulness of the industrial system in the pres-

ent, impressed with the ominous possibilities of its continuance in the stranger future that is dawning, are seeking with resolute hope a better order of things.

But it stands in sheer contrast to the common reality of economic autocracy, which is nowhere more flagrant or assertive than in America. To anyone who is at all familiar with industrial conditions this needs no proof, but it may be well to quote the striking admission of it contained in the recent Report of the President's Mediation Commission:

"While not expressed in so many words," says the Commission, speaking specifically of the conditions in the Arizona mining district, "the dominant feeling of protest was that the industry was conducted upon an autocratic basis. The workers did not have representation in determining those conditions of their employment which vitally affected their lives as well as the company's output. Many complaints were, in fact, found by the Commission to be unfounded, but there was no safeguard against injustice except the say-so of one side of the controversy. In none of the mines were there direct dealings between com-



panies and unions. In some mines grievance committees had been recently established, but they were distrusted by the workers as subject to company control, and, in any event, were not effective, because the final determination of every issue was left with the company. In place of orderly processes of adjustment, workers were given the alternative of submission or strike. . . .

"The men demanded the removal of certain existing grievances as to wages, hours, and working conditions, but the specific grievances were, on the whole, of relatively minor importance. The crux of the conflict was the insistence of the men that the right and the power to obtain just treatment were in themselves basic conditions of employment, and that they should not be compelled to depend for such just treatment on the benevolence or uncontrolled will of the employers."

Point is given to these remarks by the further statement of the Commission that, in a time of special urgency, one hundred million pounds of copper were lost in the Arizona producing region through wide-spread strikes lasting over three months.

The present system is in its very nature an au-



toocracy. Those who own determine essentially the lot of those who work, for the management represents the interest of those who own. It is in that interest that wage-rates are fixed and, beyond certain minimal determinations, the conditions of work appointed. Certain rates, by piece or time, are offered. The wage-earner cannot judge their "fairness," for he is ignorant of the complex machinery of production, in particular of the relation of costs, of which his labor is counted part, to returns. He has no opportunity to learn. He lacks education and often leisure. Above all, his representatives cannot enter the council chamber where policy is determined. Yet that policy concerns him vitally, for on it may depend his standard of living, his chance of employment, his safety from or subjection to that excessive driving which wears out life. When new methods and processes are introduced and the wage-rates altered, he cannot estimate the "fairness" of the change. The great majority of employers believe, very often with truth, that their primary object in business, the making of profits, is furthered by low wage-rates. Is it not inevitable, if the knowledge of the conditions of

production is exclusively theirs and the control over these conditions is vested in them alone, that employers are subject to constant temptation to exploit labor, and workers subject to constant deprivation of what, on any theory of distribution, can be regarded as a "fair" return for their labor? On the other hand when labor is strong enough to exact its own terms, it feels, under these conditions, no responsibility to accommodate these to the welfare of the industry. Hence endless friction and harassment, leading towards a ruinous impasse.

Initiative, the condition of progress, and authority, the condition of order, must be secured under any system, democratic or autocratic. The analogy of political democracy holds perfectly here. Men shuddered at the chaos which would spring from the granting to all men of the elementary rights of political citizenship—but in truth chaos sprang instead from the withholding of these. Imperfect as such democracy has been, it has not been the scramble of mob-rule nor yet the "cult of incompetence." (Was incompetence ever more cultivated than in the Russian autocracy? Competence depends on the general

standard of intelligence rather than the form of government.) For all its incompleteness democracy has not lacked direction or power. And no sword of Damocles is suspended over its head.

As in the political, so in the economic sphere, it is true that no permanent social relationships can be built on servitude, on anything finally save the coöperation of willing partners—not equal partnership, for men differ in capacity and therefore must differ in authority, but such partnership as will allow to all the choice, in due relation to others, of the disposal and direction of whatever powers they possess. This will come in the end, for there is always something resistless in the conscious demand of any majority of men. It has proved so in respect of political government, though the world has passed, to learn it, through centuries of confusion and bloody strife. Must it be so in industry also, or do men learn only from the suffering imposed by blind resistance?

Uncontrolled or irresponsible power is the gravest danger of organized society. It is an inherent weakness of human nature everywhere that uncontrolled power over others breeds wanton upliftedness, the *hubris* with whose dire conse-

quences the ancient Greeks were so mightily impressed. As surely as children are spoiled by deference, so are men by power for the use of which they need render no account. It is a failing even more conspicuous in those who have themselves risen to such power from an inferior station, in the "self-made" man who has left the ranks of labor, in the foreman who has been chosen to petty autocracy over his fellows. Not infrequently the latter, uneducated both generally and in respect to the responsibilities of his particular office,

"Dress'd in a little brief authority,  
Plays such fantastic tricks,"

as breed resentment and smoldering rebellion. With his brusque commands, his scorn of elucidations, and his constant threat of "firing," such a man becomes to the worker the concrete embodiment of the oppression he calls "capitalism." That men's livelihood should be, without appeal, at the mercy of the "choleric word" of such a tyrant reveals an autocratic condition of industry beyond justification to-day. It is always dangerous when men hold irresponsible power over their



fellows, whether to make their laws or to dominate their working lives. These are times when there is surely no need to insist upon that simple and terribly demonstrated truth. "Economic democracy," in the sense above explained, is an inevitable concomitant or part of that political democracy which, whatever its difficulties and imperfections, seems the only way out of the blood-stained wilderness into which power divorced from responsibility has led the world.

Men are coming to realize the dependence of political power on economic power. At one time they regarded the vote as the key to the economic situation, and the extension of political democracy was fervently advocated and bitterly opposed on that account. But neither the hopes nor the fears aroused by the principle of political democracy have been fulfilled by its performance. The wage-earner got the vote, but when secured it lost its magic. He felt no better off than before. The right to vote became a futility to the man who could not thereby establish the right to a living wage, even the right to work. Consequently there was growing up before the war, among certain leaders of labor, a deep disappointment



with the methods and results of ordinary politics. One English labor daily constantly spoke of the House of Commons as the House of Pretense. There was growing a conviction that salvation must come, not from the presence of labor in the councils of the State, but more from its presence in the councils of industry. It was coming to be felt that economic power dominated political power, rather than *vice-versa*; that those who controlled finance and commerce and manufacture inevitably controlled the State also. In France, always prone to extremes of doctrine, this feeling resulted in syndicalism. But syndicalism combines two principles which have no necessary relation. It is at once a theory of industrial government and a program for its attainment. The theory might be sound, wholly or in part, even though the program stood condemned. And in fact the program revealed, by contrast, the very necessity of political action. For the only alternative syndicalism could offer, in its reaction from politics, was direct action by the "syndicates" or unions of workers, the seizure of economic control through sabotage, violence, and the general strike.

This is destructive anarchy, not constructive

democracy. But a saner form of the doctrine has been spreading in other lands. It is evidenced by the decline of the older type of State-socialism. The simpler socialism which wanted everything controlled from a single governing center in the State, which would "nationalize" everything and give a national government direct and complete control over it all, has lost its glamor. Centralization under government has revealed its dangers, and experience of nationalization has not been such as to make labor desire its indefinite extension over industry. Labor would apply the principle of nationalization further than it now extends, to industries like transportation and mining which are the basis of all others; but even there it is beginning to demand decentralization and joint control as the necessary complement of the process. A growing minority accept the doctrine of the "guildsmen," that State-socialism, as formerly advocated, is but guaranteed capitalism, and "nationalization," as formerly understood, but the ultimate policy of endangered capitalism, the "capitalist's last card."

The same tendency to demand not State control but a direct share in industrial direction is evi-

denced in more concrete ways. It is evidenced by the growing insistence of the unions on recognition. It is evidenced by the breakdown of many promising schemes for industrial peace which made no provision for labor's sharing in the direct control of its working conditions. Particularly in England, always in the van of industrial evolution, is it growing too clear for misinterpretation.

It is evidenced by the growth of industrial as distinct from craft unionism. It is evidenced by the growth of the "shop-stewards' movement," particularly in the machinists' trades. The significance of the shop-steward, who from being a mere collector of trade union dues in the shop has come to challenge the old-line leaders, is that he represents industrial as distinct from craft unionism. This is a difference not merely of structure but of ideal. Under the old craft unionism a dozen different organizations might control the workers in a single plant, whereas under industrial unionism the workshop is itself the unit of organization. It is obvious that the latter type is much more in harmony with the principle of direct control. Again it is evidenced by the institution of "works committees," as a representa-

tive agency for bringing workers and management together. It is noteworthy that a number of large English employers, such as Hans Renold, Ltd., Barr and Stroud, Rowntree, and others, have welcomed these committees and regard them as a great aid both to production and to harmony. Finally, it is evidenced by the reception accorded to the Whitley Report and its adoption by the British Government, of which more anon.

Because the world has changed the place of labor must also change. It is not generally realized that the conditions of modern industry make it necessary that the worker should find a *new* source of interest in his working life. The days of the craft are gone, and with them the old spirit of craftsmanship and the particular satisfaction it afforded. The individual worker can no longer as a rule look upon the finished product as the child of his hands. His individuality is not revealed to him in the product, one of whose thousand mechanical processes he has controlled. He has lost that specific interest forever. A new interest has become necessary, correspondent to his new function. Just as general skill is in the machine age taking the place of specific skill, so



must a general interest be found to take the place of the lost specific interest. This can be found only in the sense of the worker that he is an active participant and partner in the whole process of production within which his own work falls.

Where would this process of industrial "democratization" end? No man can tell. In human affairs only the next step ahead is clear, and that is clear only because it is necessary. One immediate consequence, however, would seem to be that in this development management must grow into a separate industrial function, becoming management in the strict sense of the term, the function of securing the most efficient adaptation of means to end, of productive power to product. The proper function of management, as Mr. Webb points out in *The Works Manager of Today*, is the reduction of the net cost of production. This net cost, however, cannot be estimated aright unless we recognize the worker as in some sense a partner, one for whose sake production is taking place. To reduce costs at *his* cost is not the function of management, nor would it ever seem to be such if labor were represented in the



direction of industry as well as capital. Management would then appear in its true light, and be relieved from the distractions and the embarrassments inspired by its dependence on capital alone.

## CHAPTER IV

### THE WIDENING OF THE IDEA OF LABOR

*The conflict in the ranks of labor. Wage-earner or producer—which does “labor” signify? Leon Trotzky and Arthur Henderson. Catastrophic or progressive revolution? The soil of catastrophic revolution. American labor’s apathy to the broader questions of policy. The advance of the British Labor Party.*

THERE is an internal conflict proceeding in the van of the labor movement whose issue will have momentous consequences not only on the direction of that movement but also on the character of our whole social structure. It springs from the fundamental question, What is Labor? Whom shall it include? Two opposing views are vehemently advocated. The one party would limit the idea of “labor” to the class of wage-earners, excluding the “brain-workers,” the administrators of industry, the technicians, the professional workers of all kinds. To this party all these are but the

instruments, conscious or unconscious, of its enemy, capitalism. On the other hand there is a party which would extend the idea of labor to include all who in any real sense can be called workers or producers, whether they work with brains or hands (though that is a poor enough distinction, since nobody works with brain alone or hand alone), whether they sit at desks or toil in fields or factories, whether they wear fine linen or overalls. With either view goes a corresponding policy. The former party rejects all compromises, detests all devices for "industrial harmony" as props of a vicious system, dulling in the worker the sense of its iniquity, and proclaims the revolution. The latter party would emulate the tide and not the storm, advancing foot by foot, gaining ground wherever opportunity is given, and accepting the orderly agencies of social and industrial change, the law-making power, the taxing power, the bargaining power of organized labor, as the means whereby its aims shall be achieved. It shuns the counsels of violence, its most forward minds perceiving how insecure, how uncontrollable, how subject to reaction and counter-overthrow, are the results of social convulsion. The

goal may be revolution none the less, but revolution progressively and not catastrophically to be attained.

The following statements, explanatory of the attitude of two great protagonists of these opposing doctrines, may suffice to suggest the supreme importance of this issue.

Léon Trotzky, in his striking manifesto on "The Bolsheviki and World-Peace," looks to a great after-war proletarian uprising. "Even though the vanguard," he says, "of the working class knew in theory that Might is the mother of Right, still their political thinking was completely permeated by the spirit of opportunism, of adaptation to bourgeois legalism. Now they are learning from the teachings of facts to despise this legalism and tear it down. . . . The possessing classes, to their consternation, will soon have to recognize this change. A working class that has been through the school of war will feel the need of using the language of force as soon as the first serious obstacle faces them within their own country. 'Necessity knows no law,' the workers will cry when the attempt is made to hold them back at the command of the bourgeois law. And pov-



erty, the terrible poverty that prevails during this war and will continue after its close, will be of a sort to force the masses to violate many a bourgeois law. . . . This must lead to profound political conflicts, which, ever-widening and deepening, may take on the character of a social revolution, the course and outcome of which no one, of course, can now foresee." For his own country, and with his own aid, it did not require the end of the war to bring fulfillment to that menacing prophecy.

Arthur Henderson, whose understanding of the necessities of the Russian situation, as it existed in the summer of 1917, led to his resignation from the British cabinet soon afterwards, as leader of the British Labor Party, issued a pronouncement of a very different kind. In an article on "The Outlook for Labor" he put forward the new doctrine of his party on this subject. "No one," he says, "who is engaged in productive work, whether of hand or brain, will be excluded from the new comradeship which we are organizing; and as for the non-productive classes, we hardly expect that any number of them will want to join a party movement which seeks to make their parasitical

existence impossible. The Labor Party, in short, is the party of the producers—of the workers, in the widest sense of that noble word: of all the people, without distinction of class or sex, who labor to enrich the community.” Inevitably, a party so interpreting the scope of labor rejects the facile theory of blind revolution, and projects a program of reconstruction, drastic but attainable only by orderly process, by appeal and education, by the winning of a voting majority, and thus by the seizure of the constitutional machinery of change.

*When the alternative is offered*, nearly all men prefer peaceful to violent ways. The long-suffering of men is far more remarkable than their rebelliousness. It is only when despair seizes their hearts, when oppression reveals them impotent or destitution renders them reckless, when, in truth, they “have nothing to lose but their chains,” that they surrender to the gospel of violence. All the catastrophic creeds of insurrectionary labor, Marxism, syndicalism, Bolshevism, I. W. W.ism, are reactions from intolerable conditions. Thus the revolutionary syndicalism of the first decade of the twentieth century was born out

of the traditional weakness of French trade-unionism and the traditional repressiveness of the French Government, illuminated, for example, by such experiences as the suppression of the school-teachers' union and the breaking of the great railway strike by the perilously dramatic *coup* of an ex-socialist premier who called the strikers to the colors. Bolshevism was made possible—and necessary—by outrageous tyranny, incurable corruption, and infinite misery. I. W. W.ism reflects the resolution of despair which animates, under the harrow of ruthless exploitation, certain portions of American unskilled labor. It springs up where unionism is most helpless, among aliens and homeless migrants, among miserably paid mill-hands and railway laborers who see—how can they?—no other means of escape from the darkness of the pit which our society has dugged for them. This is the judgment of such able investigators as the late Professor Carleton W. Parker and the members of the President's Media-tion Commission whose report has already been cited. For all so situated the idea of labor is, of necessity, narrowed until it applies only to the "proletarian," to the "wage-victim." Thus nar-

rowed, it stimulates a program of catastrophic overthrow, for what other way is open to a group so bereft of status, so poor in resources, and so completely cut off from all the springs of power?

Some of those who are loudest in their condemnation of labor insurrection are themselves most responsible for its growth, by blocking the legitimate avenues of union activity. Thus the President's Mediation Commission says: "This uncompromising attitude on the part of employers has reaped for them an organization of destructive rather than constructive radicalism. The I. W. W. is filling the vacuum created by the operators. The red card is carried by large numbers throughout the Pacific Northwest. Efforts to rectify evils through the trade-union movement have largely failed because of the small headway trade unions are able to make. Operators claim that the nature of the industry presents inherent obstacles to unionization. But a dominant reason is to be found in the bitter attitude of the operators towards any organization among their employés."

Here we have merely one manifestation of that age-old phenomenon, the spirit of humanity revolt-



ing against servitude to man. The attempt to crush these movements by frontal attack, by denunciation, by imprisonment and fine, by suppression and counter-violence, will never succeed. There is but one way to avoid revolution, and that is to change the conditions, the conditions represented in this country by Lowell and Lawrence and Fall River, by the mining camps of Arizona and the lumber camps of Louisiana and California, the conditions which breed, in all who are not reduced by them to the enduring stupidity of oxen, the revolutionary mind.

The best illustration of the relation between a narrowed idea of labor and the catastrophic method (as the only alternative to impotence) is found in the clear-cut principle of Marxism, the great inspiration of all such movements. It draws a hard-and-fast line between the "proletariat," the wage-earning class, and the "bourgeoisie," the capitalistic class. Its method is the "class-war," and therefore it seeks to sharpen the class-consciousness of the wage-earner. It pours contempt on all "opportunism," all moderation, all reformism, for these weaken the sense of class-distinction, the necessary lever of revolution. It

would reverse the dominance of classes, by the triumph of the proletariat. That is the revolution, and beyond that it scarcely looks. It combines simplicity of doctrine, the all-sufficient division of mankind into the exploiters and the exploited, the bourgeoisie and the proletariat, with the mysticism of the Hegelian dialectic. The simplicity and the mysticism are alike misleading, but they exercise together a powerful appeal; for the mystic element, with its suggestion of an uninvestigated land of promise beyond the revolution, cloaks the weakness of the logic.

It is well to remember that this doctrine arose in the Germany of the mid-nineteenth century, which was carrying over into the industrial field the sharp class distinctions of feudalism. Marx himself was not a "proletarian," but a "bourgeois" of protestant Jewish origin, a detached and ironic personality seeking with bitter insight the means of overthrowing the existing régime. Wherever class domination is strongly entrenched behind law and usage, in particular wherever the middle class is subservient, as in Germany, or insignificant, as in Russia, there is the proper soil for the seed of Marxism. Hence its origin and

growth in Germany—hence its fateful power in the second Russian revolution. But Western democracy is a different soil, even though the same weeds of industrial exploitation flourish therein, and the attempts to transplant the Marxist doctrine have had relatively little success. On the contrary, there is reason for holding that the failure of the once powerful Knights of Labor was in great measure due to the attempt of this organization to build a labor class consciousness, though not on Marxist principles. There are signs that more recent industrial developments, the consolidation of large-scale business and the completer fixation of the wage-earning status as free lands become a memory of the past, are working towards the sharpened distinction between "labor" and "capital." But other developments, in especial the newer immigration, have been placing effectual obstacles in the way of solidarity. To-day the solidarity of the dominant labor force in America is neither that of class-conscious proletarianism nor yet that inspired by the sense of the common interest of all producers: it is merely that of group-conscious unionized skilled labor. The great body of labor so

inspired, in its too exclusive devotion to immediate ends, does not yet understand that here are the two final alternatives for labor, the limitation of the *idea* to the class of wage-earners (which indeed for American labor would be an extension rather than a limitation) or else the inclusion within the *idea* of the whole class of producers. In the former case it must move within a circle of narrow aims unless it breaks through by the blind violence of mere numbers; embracing the latter alternative it envisages, makes possible, and prepares an industrial order fit for a real democracy, maintained by the self-government of those who produce instead of by the autocracy of those who own.

In Great Britain labor has been moving to this latter conception, in spite of the practical difficulties which it involves. It has opened its ranks freely to all who accept its platform, whether or not they are enrolled in trade unions or otherwise directly associated with wage-earning. The line it draws is not between the wage-earner and all the rest, but between the active worker or producer on the one hand and the mere "profiteer" and the passive recipient of rent and interest on the other. It



welcomes the extension of unionism to the professions, to the civil service, to clerks and all manner of employés of all grades. Its prophets are beginning to see the disastrous effects of having the technical ability and administrative skill on the opposing side. They are beginning to see that the side which can win the brains of industry can win the battle. The effect of the war, with its enormous imposition of new burdens on all producers, causing a great part of the results of their labor to pass over, in the form of interest on war bonds, to non-producers, will make easier the new appeal. "Over this issue," says the manifesto of the British Labor Party already referred to, "of how the financial burden of the war is to be borne, and how the necessary revenue is to be raised, the greatest political battles will be fought. In this matter the Labor Party claims the support of four-fifths of the whole nation, for the interests of the clerk, the teacher, the doctor, the minister of religion, the average retail shopkeeper and trader, and all the mass of those living on small incomes are identical with those of the artisan."

While labor in the States has yet scarcely reached the parting of the ways, it is significant

that labor in Canada, closely associated as it is in temper and organization with the former, is choosing the greater alternative. It has recently approved of the formation of a Labor Party of Canada, and this party, already alive and active, has resolved to admit individual members who, whether members of unions or not, subscribe to its constitution and program; while it proclaims as its general object the promotion of the "political, social and economic emancipation of the people, and more particularly of those who depend directly upon their own exertions by hand or brain for the means of life."

This seems the inevitable road for labor in lands where political democracy is already somewhat advanced. By following that road British and Canadian labor are moving to take a greater part than before in the determination of the life of the community. (But see footnote p. 161.)

## CHAPTER V

### THE WASTE OF THE PRESENT INDUSTRIAL SYSTEM

*The meaning of waste. The waste of industrial strife and of the disharmony between management and workers. The universal waste of competition. The waste of unemployment. The waste of labor-turnover. The loss of educational opportunity. The lack of vocational guidance and of the adaptation of work to aptitude. The waste involved in working conditions, especially of women and children. The waste of the disparity of wealth. Wealth and well-being.*

NEARLY everybody seems willing to admit to-day that some change in the conditions of industry is both possible and desirable. But by what means? And how much? Some would be content to patch up the old industrial structure—a little cement and paint, they think, will serve—while others want it rebuilt, reconstructed, even from the foundations. Our attitude to this question, so far as it is not determined by the sense

of our immediate interest, will depend on our appreciation of the amount of waste involved in the existing system, and then on the extent of our belief in the feasibility of a system which would avoid that waste. To understand the problem we must begin by realizing the significance of the wastefulness which characterizes our modern industry.

By waste I mean all that loss, of potential material resources, of potential energy and skill, and finally of potential well-being, due to human mismanagement, disharmony, and lack of the intelligent direction of means to ends. A system might be, by comparison, very productive and at the same time very wasteful. The present industrial system is many times more productive than the old domestic system, and yet it is, as a system, excessively and wickedly wasteful.

We are apt to think too narrowly on this subject. One obvious form of waste arrests our attention, and we seldom realize that it is only one, and far from the most serious, of many. I mean the loss due to the direct strife of labor and capital, in particular the loss caused by strikes and lockouts. According to the Report of the



Department of Labor already referred to, there occurred in the United States during the period 1881-1905, 38,303 strikes and lockouts, lasting on an average 31 days, involving 199,954 establishments and 7,444,954 employés apart from those incidentally thrown out of work. In Canada, for the five years 1911-15 the time-loss from strikes and lockouts is given officially as nearly five million working days. But these losses, well worth consideration as they are, shrink to insignificance in the sum total of industrial wastage. The whole time-loss amounts to no more than the time devoted to a few holidays in the year. It is little, indeed, compared with the indirect loss caused by the mutual distrust of workers and management. For Great Britain, Mr. Sidney Webb has estimated that, as a consequence of the standardization of product, the use of automatic machinery wherever possible, of team work and specialization among the workers, and other changes made possible for the most part by the abrogation of trade union rules, "the 15,000 or 20,000 establishments, large or small, in every conceivable industry, with which the Ministry of Munitions, the Board of Trade, the War Trade

Department, and the Admiralty have been in touch, are now turning out, on an average, more than twice the product per operative employed that they did before the war; whilst, assuming the same standard rates of wages, grade by grade, the labor-cost works out considerably lower than under the old system." This is not, as some simple-minded people imagine, a condemnation of trade-union rules under the old system; it is a condemnation of the system and not of the rules, for the latter were evolved by the workers, as the result of bitter experience, to protect them against the grinding wheels of competitive industry. The irony of the situation lies in this, that the worker in his not unjustified fear of immediate competitive evils, is driven to resist the very process which makes possible the abolition of the poverty under which he suffers, to wit, the increase of his own productive power.

In truth, the most pervasive cause of waste is the competitive organization—or disorganization—of industry. The old-fashioned theory of the excelling virtue of competition—the "soul of trade," the "fly-wheel of industry," the leveler, the equalizer, the spring of inventiveness, the safe-

guard of the consumer, the determinant of progress—a theory already discarded by the successful man of business—received a further deadly blow when the urgency of the war compelled every belligerent nation to limit, for the sake of clear economy, this wasteful conflict, bringing each essential industry into the form of a quasi-coöperative whole. This is not the place to examine in detail the dangers and the advantages of such a course. I believe that there is no way back, and that the lauded benefits of free competition, which it so very partially achieved, must now be sought, and may be far better secured, by enlightened co-operation. Of this I am confident, that only by the way of coördination is it possible to abolish the more deadly forms of waste which have characterized our modern industry. Under “free” competition, one or two rapacious employers can set a standard which the rest must follow; under it worker and employer alike are at the mercy of every chance fluctuation of demand and supply; under it an inevitable reserve of unemployed labor is constantly reducing the mass of workers to the subsistence level and driving a large proportion of them below the line of poverty. Most of the

further wastes which we must now review are products of the system of "free" competition.

In saying this I do not mean to suggest that competition *as a motive and stimulus* in industry can or should be abolished. The waste we are considering is due, strictly speaking, not to the presence of competition but to the absence of organization. The "free" competition of workers or of employers means that they are not intelligent enough, or strong enough, to coöperate in pursuit of their common interest. They are defeating their respective ends by competing among themselves, and the service of the whole community is not, as I believe, best fulfilled in the process. The old theory minimized the common interest. Under "free" competition what one loses another gains—but not to the extent of the loss of the former. There is always a residuum of waste, and when the competition is for the mere means of livelihood the waste is so great as to be disastrous.

If the question is raised, "How then can we distinguish between the competition which is beneficial and that which is harmful to society?" the answer, in general, is simple. Competition as a



substitute for coöperation is wasteful, competition within a coöperative order is a highly necessary stimulus. Competition as a substitute for coöperation, as for example that of unorganized workers to obtain work, means a certain frustration by each of all the rest in the pursuit of an object or interest which all of the qualified applicants can or should be able to obtain. Competition within a system of coöperation, say competition for promotion, if conducted on the basis of relative merits, belongs to a quite different order. In this case the limit of common interest has already been reached. Of two competitors for advancement to a single office, only one can possibly achieve his end. Here competition is both necessary and beneficial.

The truth that disorganization (of which certain types of competition are a concomitant) and not competition as such as the enemy is reënforced when we remember that the relation between workers and employers, whether haphazard or well-ordered, is not a competitive one at all. Employers compete with employers and workers with workers, but employers do not compete with workers. These two *coöperate* (more or less will-

ingly, but always necessarily) in production, and they *bargain* in respect of the return from their productive coöperation. In both regards disorganization is in general profound, and the consequent waste incalculable.

Consider, again, the waste due to unemployment and underemployment. The imperious demands of warfare have reduced unemployment to a minimum unknown before, but always in normal times there is a certain percentage of unemployed, varying with the season of the year. In periods of depression it reaches catastrophic proportions, and hasty palliatives are adopted to relieve the more obvious cases of distress. Since most people are quite unaware of the magnitude of this evil, it may be well to give some figures. In 1905, according to the U. S. Federal Census of Manufacturers, the number of wage-earners in employment fluctuated from 7,017,138 in one month to 4,599,091 in another. In the winter of 1914-15, there were, according to the investigation undertaken by the Metropolitan Life Assurance Company, 442,000 persons unemployed in New York City. In the same winter the Ontario Commission on Unemployment reported some 30,000

unemployed in that province. It is hard to conceive the fearful human significance of figures such as these. And it is all sheer waste, waste of so much productive power and therefore of material resources, waste of health and decency and happiness. Besides, the standing menace of unemployment acts as a pernicious influence over the whole field of industry. It is the more tragic in that all thorough students of the subject are agreed that intelligent reorganization of industry would reduce genuine unemployment to a small fraction of its present extent. This would remove that dread which more than any other embitters the worker's life, makes him feel that he is a mere "wage-slave," and renders him hostile, because of their disturbing effect on employment, to all developments of the industrial process.

Take again the loss due to "labor-turnover." If a plant employing a thousand workers requires to hire during the year five hundred more in order to maintain its force of a thousand, then it is said to have an annual labor-turnover of fifty per cent. The labor-turnover of modern industry is a damning evidence of material and spiritual waste. In some cases it reaches quite amazing figures, such

as the six thousand per cent per annum which recent employment figures for eight months on the Pennsylvania Lines West reveal. This was of course due to exceptional and transitory conditions, but annual turnovers of five hundred and six hundred per cent seem by no means very rare. The study by Mr. Grieves of a number of metal plants in the Middle West showed a turnover of more than 150 per cent, and Mr. Boyd Fisher found the turnover in a large number of Detroit plants to average more than 250 per cent. To interpret these figures we must think not only of the direct loss involved in fitting new men into the place of the old—a loss only now coming to be understood—but also of the social loss due to the lack of stability and direction in this drifting mass of casual workers. This latter can of course never be calculated, but wherever we find work casualized we find men decivilized, aliens and sometimes even “alien enemies” of society, losing all strength and unity of purpose so that life degenerates into a fumbling series of maladjustments to the more elementary and animal needs. From such a fate it may sometimes be the best, and not the worst, who seek a refuge in rebelliousness. And this too is



mere waste, the penalty of disorganization. Some amount of labor turnover is of course inevitable; a limited amount may even be regarded as desirable, as expressing the mobility due to opportunity, but nothing can justify the figures already cited. That much can be done to diminish labor-turnover is revealed by the classic instance of the Ford Works in Detroit, where the percentage in 1912-13, a normally good year, was over four hundred, and in 1913-14 was only twenty-three. It would not be fair to suggest that every manufacturer can or should emulate the methods possible to Ford, but there are sufficient cases already on record—such as those of the Dennison Manufacturing Company, the Plimpton Press, and the Joseph Feiss Company—to show that intelligent consideration of the human factor can vastly reduce this waste.

Is there not something here worthy of deep reflection, that no company could exist which completely changed its plant or its site or its management two or three or more times in the year, whereas a like change in respect of its body of workers is not only possible, but actually happens

without exciting, in most cases, any flicker of attention or concern?

A profound source of waste is the lack of educational opportunity, from which the urgencies of competitive livelihood shut off too soon the great majority of the people. The extension of educational opportunity would work for welfare in many ways. It would relieve the labor market and thus help to solve an immediate problem of the future. It would increase efficiency, and thus in due course the available wealth of the country. It would evoke talent and genius where it lies unaroused or thwarted. It would help men to understand their common interests, and so to build on that basis the unity of society. Finally—for the education of which I am thinking is social as well as technical and vocational—it would help men to live, which is all that matters.

We are now beginning to see the national importance of technical schools, trade schools, schools for employment managers, supervisors, foremen, and so on. It is all part of that progressive application of science which, the source of wealth through power, is able, in a decently ordered society, to raise human conditions above

the level of deadening necessity. Science unapplied is humanity wasted, though we must be sure that it is true science we apply. There are industrial spheres to which the application of science is still only rudimentary, with corresponding loss. There is, in particular, very little done to secure a proper adjustment between worker and work. More care and expense have in general been bestowed on the attainment of mechanical efficiency than on the adaptation of industrial operations to the particular aptitudes and needs of the operatives. Here, as always, the loss is twofold, in the worker and in the work, waste at once of wealth and of humanity.

The waste due to evil working conditions, excessive toil and strain, unhealthy surroundings, and unnecessary exposure to the risks of accident and poisoning, great as it is in the case of men, is more flagrant still and more pernicious in the case of women and of children. America has an unhappy distinction in the laxness of its factory laws for the regulation of the industrial work of children, that most wasteful of all immediate economies. As for the labor of women, I shall have occasion later to speak of it more especially.

The squandering of the health and strength of women is one of the great smirches on our civilization. Their special needs are so little regarded that their normal hours of work often impose on them a heavy undermining strain; that rest-rooms, rest-periods, and facilities for ceasing work in accord with physiological requirements are often unprovided; and that they are allowed to (or by poverty compelled to) toil in factories in the periods before and after childbirth.

Finally there is the intolerable waste due to the extreme disparity of the distribution of wealth. The extreme poverty of masses of workers, with its sordid and ceaseless harassment, cramping and perverting and devitalizing all healthy human instincts, gains especial bitterness from the contrast with the mere superfluity which their labor helps to create for others. The attempt to justify this disparity in terms of "natural selection" has now become vain and obsolete. One of the most certain of economic (or psychological) laws is the "principle of diminishing utility." According to this principle, an additional dollar or two a week means more, renders more service, to the family whose income is twenty dollars,



than to the family whose income is two hundred, still more than to the family whose income is two thousand. From which it follows that any redistribution of wealth which, without disastrous disturbance, rendered less unequal the shares of rich and poor, would increase the total service of wealth, that which alone justifies it or its pursuit, the contribution it makes to welfare. If this principle holds, how wasteful must a civilization be which concentrates, as in America, 60 per cent of the national wealth in the possession of 2 per cent of the nation, while another 5 per cent of the wealth is shared out in the poverty of 65 per cent of the people!

For there is after all only one kind of waste, waste of well-being, of the opportunity really to live. All else is waste only if it means a loss of that. All achievement is vain if it does not also achieve that. I have dwelt largely on the material side, but this economic loss is simply an imperfect index of spiritual loss. Where you find the one you may look for the other. Here is found the true condemnation of the "unmeaning taskwork" which fills the existence of multitudes, of the kind of poverty which denies them alike

the resources and the leisure to live. It is because science shows a way out of this waste, provided we have the will and the intelligence to take it, that the future of industry—which is after all the future of the world—gleams with hope through the darkness of the present. It is that prospect which demands and justifies all the efforts we can make to achieve a real industrial reconstruction. There has been too much sacrifice of life and happiness in the horrible waste of war for any of us to be indifferent to what remains or to what may yet be restored or won.

## CHAPTER VI

### THE CRISIS

*War and social instability. The appeal of radical programs in the revulsion after war. The moral necessity of new labor conditions. The great opportunity: grounds for hopes and fears. The critical first period.*

WARS have been deliberately planned—so it is said—to break up the internal forces of radicalism by the strong counter-appeal of national aggrandizement. If it be so, it is another instance of the want of imagination and the misunderstanding of history which are among the most marked spiritual qualities of militarism. At the outset war inevitably checks all radical movements and even fosters the reactionary spirit. But its after-effect seems often to be of the opposite character. There are instances of this kind all through history, since the time when the sailors of Salamis changed the Athenian constitution. Waterloo was followed by Peterloo and all the ferment that

led toward the Reform Act. The Franco-Prussian war gave birth to the Paris Commune and the Third Republic. The Russo-Japanese war was succeeded by the revolutionary movement of 1905, the forerunner of the immense Russian revolution which the Great War made possible. War on a grand scale always means a break with the past. It often generates at the last a sense of revulsion which, reënforced by the condition of poverty and of war-indebtedness, gives a new occasion to the forces that make for social upheaval. Those who imagined that this war would break up labor radicalism have by this time discovered their mistake. The party of the left is rising from its submergence in the war spirit. In Great Britain, most notably, the Labor Party is seizing the opportunity which the changing national mood presents.

For one thing, a "labor party" is the only party which professes a sweeping program of industrial reconstruction. The Provisional Report on Reconstruction issued by a committee of the British Labor Party is a document deserving the most careful study. It has a strength and assurance, a clearness of statement and certainty of aim



which all must acknowledge, whether or not we accept its specific proposals. It is not, like many previous manifestoes of labor, the proclamation of principles in the void, with no expectation of their fulfillment. So forthright a program has a great advantage in a time of grave instability like the present. Men who have seen and shared in catastrophic changes realize in a new way the possibility of the changes they themselves desire, and are more disposed to seek them. Men who have seen the world upturned are no longer deterred by the idea of revolution. The potentialities of good and evil, of reconstruction and of disintegration, herein revealed, call insistently for the highest statesmanship we can find.

Further, there is a moral necessity in the new situation which cannot be ignored. It is the State which called from their ordinary employments the myriads of munition and other war workers; it is the State which called to arms the myriads of soldiers. Must not the State be responsible for their complete replacement in industrial life? The soldiers who return to normal life do so in the consciousness of having deserved well of the country to which they offered up their lives. This

gives a great moral backing to their demand for industrial security. How, for example, can it be any longer possible to justify their subjections to the hazards of unemployment? The country that dared to claim their lives must ensure that they are not deprived of their livelihood. They demand employment, security, and a "fair" return for their toil, these at least, and they must somehow or other be provided. Somehow or other—with waste and haste or with forethought and productiveness, according to the blindness or the vision of our governments.

I have tried in the preceding chapters to explain the new position and demands of labor. These have not arisen out of the war situation; they issue out of that secular process by which men first come to understand and then endeavor to control the systems in which their lives are bound. The war has hastened the process only as a storm shakes from the tree the ripening fruit. There is no natural fruitfulness in calamity, but it may shatter the clinging timidities which impede the acceptance of new ideals. Then it becomes dangerous to despise or to ignore them. I am convinced that the first necessity of the industrial

situation is the sympathetic understanding of these demands and the attempt to meet them so far as they make for the welfare of the whole community. Merely to oppose them may turn a peaceful into a catastrophic process. Only by facing the facts can we escape this catastrophe. The majority of those outside its ranks are strangely ignorant of the conditions of labor—and this ignorance is in fact another form of the exclusive class-consciousness which in the workers we condemn. Ignorance, on either side, in matters of this kind, is never merely ignorance; it is also prejudice. We must in this situation, those of us who do not belong to its ranks in the narrower sense, take common counsel with labor, understand its claims, at least offer some other solution if we cannot accept its own, and so endeavor to secure that harmony of industrial life which was not attained in the past, but will be more imperative than ever in our war-impooverished future.

What are we doing towards that end? The time for action has already come. What steps are now being taken to turn this ferment into a healthy process of restoration of the commonwealth? We have talked so much of reconstruc-

tion that the word has lost its sharpness, but have we done anything to justify that word? A certain amount of very necessary patching is being accomplished, for example in the training and "re-education" of disabled soldiers. But what of reconstruction in the wider sense? Where are the architects and the masons and the hodmen for this new building of which we speak? There is an accredited story that the walls of Jericho fell at the blast of trumpets, but these new walls will not rise to the trumpeting of our orators. If they rise at all, it will be in the sweat of our brows, through the labor of our hands.

The time is ripe for thinking of these things. The war has stimulated social and economic forces of the most opposite character, some fraught with the gravest danger for the coming era, others bearing the promise of a fairer age. The finest opportunity for constructive citizenship ever offered to the world has now come. The end of the war has shifted to another sphere the struggle between the forces of reaction and of progress. There is much ground for hope: the breaking of the chains of tradition that bind men to evil lest



their good be also disturbed; the widening of the idea of service and responsibility so that the nation has been revealed as a single great interdependency, and the relation of nations as a vital concern of the members of each; the awakening of men, in the sight of an old order war-destroyed, to the possibility and the urgency of building anew; and even the sense of overwhelming war-indebtedness which challenges men, by its insistence, to face, to attack, and happily to overthrow the institutional causes of poverty itself. But there is also much room for fear. The habit of despotic, practically uncontrolled, power which governments acquire in war may persist perniciously in peace. The federation of commercial and industrial corporations into national unities may lead, in the contest for world markets, to new forms of competitive struggle at least as sinister and demoralizing as the old, the plea of national interest being effectively substituted for the individualistic arguments of older days. (Men may still, for all their experience of war, cherish the delusion that the vices of individuals may be the virtues of nations.) Or these same giants, financial, commercial, and industrial, may, by their in-

fluence over public opinion and their political ascendancy, pervert the reconstruction to serve the narrow ends of pride and power and possession, aims merely cumulative and soulless. And there are perils of the after-war spirit, of the reaction from the exhausting strain, of the unnaturalness of a world whose young men, at the age of generous enterprise and initiative so badly needed now, have passed, those not consumed by the flames, through the decivilizing furnace of war.

Never was it more necessary that men should know what they seek, and the conditions under which its attainment is possible. No man sets about constructing a house or a ship or a machine without a clear plan and also a clear purpose. But many men think they can "reconstruct" society without either. There should in fact be a reconstruction period as definitely as there was a war period. Just as definitely as we devoted ourselves to war, so should we devote ourselves to reconstruction that the great lessons of the former period may not fade away from our minds and leave us where we were.

Is reconstruction, as some seem to think, merely the provision of employment for those left

stranded by the cessation of war? Is it merely expansion, trade development, new markets? Is it merely the increase of productivity and the paying of war debt? Is it merely the settling down, with as little disturbance as possible, to the old order which the war broke through? Shall all that travail, all that sacrifice, all that heart-searching move us to nothing more than the quickest return to the old order of life? Besides business as before, shall we have poverty as before, insecurity as before, misery as before, inefficiency as before, maleducation as before, and with these, as not before, the growing *temper* of revolution?

There can be no reconstruction worth the name unless we succeed in widening for all men, and especially for the workers, the opportunity to live a reasonable life: unless we can remove the insistent economic menaces that embitter and degrade the existence of multitudes, and unless we can also develop those wider interests, those cultural and spiritual interests, without which life is a mere scramble for material things.

Here is the standard by which we should judge the variety of programs offered to us in the name of reconstruction. Trade expansion? Assured.

ly, but let not the plea be heard that just for the sake of competing abroad we must submit to low wages and excessive hours at home. That plea will be raised in every land, and who then will profit? Science in industry? Yes, that is absolutely necessary to succeed but unless we add to it the science of human relationship we shall delude ourselves with specious gains. Increased productivity? Yes, without greater productivity we are wasting part of our strength, squandering our resources, convicting ourselves of unintelligence. But let us so increase productivity that we do not in the process sacrifice the producer to the product. In the first half of the nineteenth century during and after the Napoleonic wars Britain increased her productivity to an extraordinary degree, but perhaps never was a great free people more impoverished, more disgracefully oppressed, more endangered in morals and in health. The first half of the twentieth century must not reflect that tale. Technical education? Yes, we are still behind in this respect. A great effort must be made to improve it, but let us at the same time make it the means to provide the leisure and the opportu-



nity for the wide education which adds to the meaning of life.

That is the test, the test of the common welfare, which we must apply to the various programs so lavishly offered us today in the name of reconstruction. Attempts are again being made to divert attention from these issues by appealing to mere external rivalries, to the economic forms of that international competition which has been so ruinous to the world. The blatant appeals of false patriotism are again being put forward to turn men's thoughts from what true patriotism most demands, the *internal* reordering of our economic life so as to provide the secure basis for true national greatness in a civilization whose ideals need no longer be perverted, or left unrealized, because of the menace of external foes. If such appeals succeed, if the patriotism of peace, because of the weakness of the imaginations of men, cannot evoke the will and courage devoted to the patriotism of war, then the most auspiciously pregnant hour of the industrial age must pass without delivering its birth.

## CHAPTER VII

### INDUSTRIAL RECONSTRUCTION IN GREAT BRITAIN: PLANS AND PROPOSALS

*The British Labor Party on the "New Social Order." The national minimum wage. The democratic control of industry. The problem of taxation. The surplus for the common good.*

*The Whitley Report. Its origin. The progress of joint industrial councils, national and district, and workshop committees. Shall the councils become lawmakers? The inadequacy of the "cash-nexus." Reception of the plan. Reflection on the chances of success.*

#### I

THE sense of the need of reconstruction is more acute in the forward-looking circles of Great Britain than in those of America. The sense of the need—not the need itself, which, as I shall try to show later, is, with us, while different, no less great. We are more complacent for the most part, but needs are not to be measured by com-

placencies, which indeed may often be but an aggravation of any problem or an additional obstacle to its solution. Wherefore the plans and proposals now being so actively forwarded in Britain may well serve us, not necessarily as a model, but at least as an incentive. In Britain, plans are being laid on so great a scale, steps are being taken of such a far-reaching kind, that, whatever their ultimate success or fate, they must assume a place in the history of civilization itself.

While numerous bodies, official and unofficial, have been giving thought to the subject, two programs, that of the British Labor Party and that of the Government, are of outstanding significance. In this matter the lead has undoubtedly come from labor—naturally, because it is labor which suffers most and first from lack of forethought. There is, besides, a certain irony in the present situation so far as labor is concerned. The time of its power in the conflict of labor and capital was the very time when the exercise of that power would bring most danger to the common cause. Its time of power is when labor is in most demand, its time of weakness when labor is over-plentiful. The former condition is found in time of war,

the latter is the natural immediate consequence of the return of peace. Is it surprising that organized labor should have been looking forward anxiously to the morrow? But the perils against which it would guard and the provision which it would make are things which concern us all.

The chief statement of the views of labor in Great Britain is the manifesto entitled "Labor and the New Social Order." As originally issued, it was not the accepted program of the Labor Party, but a draft prepared by a sub-committee for submission to a general conference. But there can be little doubt that in essentials it expresses the general attitude of British labor. It is a very remarkable document, alike in its spirit and its specific proposals, and deserves the careful consideration of all who really believe in reconstruction. In what follows I shall try to illustrate its spirit and summarize its main proposals. I am not here suggesting that the measures it advocates are suitable under our conditions—what these may be we shall reserve for later consideration—but I do firmly believe that the conviction of the necessity of coöperative action and of intelligent daring which it displays is a spirit we



would do well to emulate in seeking a solution to the problems which confront ourselves. These qualities have never been more finely displayed than in this document. They are qualities which even those who find most to differ from must recognize and admire.

The manifesto begins by proclaiming a policy of "Thorough." "What this war is consuming is not merely the security, the homes, the livelihood and the lives of millions of innocent families, and an enormous proportion of all the accumulated wealth of the world, but also the very basis of the peculiar order in which it has arisen. The individualist system of capitalistic production based on the private ownership and competitive administration of land and capital, with its reckless 'profiteering' and wage-slavery; with its glorification of the unhampered struggle for the means of life, and its hypocritical pretense of the 'survival of the fittest'; with the monstrous inequality of circumstances which it produces and the degradation and the brutalization, both moral and spiritual, resulting therefrom, may, we hope, indeed have received a death blow." Unless we beware, it will be the death-blow of Western civi-

lization, since it is easier to slip into ruin than to progress into higher forms of organization. The new social order cannot be built "in a year or two of feverish 'Reconstruction'," but plans can be drafted and foundations laid. "The four pillars of the house that we propose to erect, resting on the common foundation of the democratic control of society in all its activities, may be termed:

- (a) The Universal Enforcement of a National Minimum;
- (b) The Democratic Control of Industry;
- (c) The Revolution in National Finance; and
- (d) The Surplus Wealth for the Common Good."

Each of these principles is explained and defended in turn. The argument for the first we can perhaps summarize in the words of Bernard Shaw: "Until the community is organized in such a way that the fear of bodily want is forgotten as completely as the fear of wolves already is in civilized capitals, we shall never have a decent social life." The minimum at the then existing level of prices is suggested as not less than 30/ a week (about \$7.50, but we must remember that the

purchasing power of money in England fell considerably after the date at which the Report was drafted. A minimum wage on so broad a scale would of course disorganize the present system of employment, and a short discussion of the whole employment question follows. The proper method of demobilization is suggested (it is fully discussed in another labor document), and then the general question of "securing employment for all" is taken up. The principle is laid down uncompromisingly that to provide suitable employment for the men and women it called away to war-occupations rests upon the Government, being a national obligation that should not be handed over either to private benevolent societies or to the military authorities. It is suggested that in this matter the utmost use should be made of the trade unions and professional organizations. Should the demands of ordinary industry be inadequate in the years of transition, ways in which socially useful and honorable employment may be provided are considered, including (a) rehousing on a very large scale, (b) building of schools, training colleges, technical colleges, &c, and the provision of adequate staffs for these; (c) new roads, (d) light

railways, (e) unification and reorganization of the railway and canal system, (f) afforestation, (g) land reclamation, (h) harbor and port development, (i) "the opening up of access to land by coöperative small holdings and in other practicable ways." With these are coupled suggestions on the lines, though going beyond them, of the New English Education Act. Lastly a scheme of social insurance against unemployment is outlined.

The difficult question of the "democratic control of industry" is next taken up. It is throughout a plea for coöperative organization as against wasteful competitive disorganization. "What the nation needs is undoubtedly a great bound onward in its aggregate productivity." Let those who think that labor obstinately and maliciously prefers to diminish output reflect upon these words. To this end a plea is made for the immediate nationalization of the whole transportation system, in fact for a "united national service of communication and transport," as well as of mines and of electrical plants. The argument for the last-mentioned is of interest as showing the attitude of British labor towards scientific develop-



ment. "What is called for immediately after the war is the erection of a score of gigantic 'super-power stations,' which could generate, at incredibly cheap rates, enough electricity for the use of every industrial establishment and every private household in Great Britain, the present municipal and joint stock electrical plants being universally linked up and used for local distribution. This is inevitably the future of electricity." All this is put forward as only a first installment of the "democratic control" at which the party aims. What the report says under this heading of the war-time control of industry is specially significant. "The people will be extremely foolish if they ever allow their indispensable industries to slip back into the unfettered control of private capitalists, who are, actually at the instance of the Government itself, now rapidly combining, trade by trade, into monopolist trusts, which may presently become as ruthless in their extortion as the worst American examples. Standing as it does for the Democratic Control of Industry, the Labor Party would think twice before it sanctioned any abandonment of the present profitable centralization of purchase of raw material; of

the present carefully organized 'rationing,' by joint committees of the trades concerned, of the several establishments with the materials they require; of the present elaborate system of 'costing' and public audit of manufacturers' accounts, so as to stop the waste heretofore caused by the mechanical inefficiency of the more backward firms; of the present salutary publicity of manufacturing processes and expenses thereby ensured; and, on the information thus obtained (in order never again to revert to the old-time profiteering) of the present rigid fixing, for standardized products, of maximum prices at the factory, at the warehouse of the wholesale trader, and in the retail shop."

It is noticeable that this program leans further to unqualified State socialism than one might have expected from the growth in Great Britain of the idea of "industrial autonomy." State control should never be regarded as synonymous with "industrial democracy," but, apart from one or two very incidental references to joint control, there is nothing in this section of the report to suggest that they are not identical. The "effective personal freedom" for which it pleads is not

spontaneously generated in industry through government ownership and control; in fact the contrary is the case, unless, as never before, decentralization and direct participation of the employé in management is assured. How to attain these necessary conditions of the "democratic control of industry" is lightly passed over in this otherwise so trenchant report. In this respect the report bears witness to the draughtsmanship of a distinguished "Fabian" author who has always leaned more to centralization than to "effective freedom."

Next the now tremendous problem of taxation is envisaged. "For the raising of the greater part of the revenue now required the Labor Party looks to the direct taxation of the incomes above the necessary cost of family maintenance; and, for the requisite effort to pay off the national debt, to the direct taxation of private fortunes both during life and at death." It is claimed, not without justification, that direct taxation as against indirect is in accord with "the very definite teachings of economic science." It is here, too, that the claim is made of the common inter-

est which the artisan has with four-fifths of the nation.

Finally, the Report deals with those forms of economic "surplus" which long ago attracted the attention of the economic theorist and have more recently become at once the instigation and the object of attack of the social reformer. "We have allowed the riches of our mines, the rental value of the lands superior to the margin of cultivation, the extra profits of the fortunate capitalists, even the material outcome of scientific discoveries—which ought by now to have made this Britain of ours immune from class poverty or from any widespread destitution—to be absorbed by individual proprietors; and then devoted very largely to the senseless luxury of an idle rich class." This surplus is to be secured for the community. Out of it comes—as indeed it must come—the new capital which the community needs for the carrying out of enterprises. From this also must be directly defrayed the cost of the conditions of communal welfare, education, recreation, social insurance, public provision for the sick and the infirm, the aged and the victims of accident and disease. "From the same source must come



the greatly increased public provision that the Labor Party will insist on being made for scientific investigation and original research, in every branch of knowledge, not to say also for the promotion of music, literature and fine art, which have been under capitalism so greatly neglected, and upon which, so the Labor Party holds, any real development of civilization fundamentally depends. Society, like the individual, does not live by bread alone." And the document concludes with the remarkable words: "If law is the mother of freedom, science, to the Labor Party, must be the parent of law."

It is interesting to reflect how impossible it would have been for such words to have emanated from British labor, then outlawed and unorganized, a hundred years ago. While to many of us, habituated to more near-thoughted courses and restrained by attendant timidities and scruples, these proposals may appear extreme, it is most instructive to contrast them in this regard with the destructive denunciations which emanate from Marxian socialism. The comparison illumines the distinction drawn in Chapter IV between the narrowed and the widened views of labor. Here

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is the first great triumph of the widened view. The Marxist policy contemplates a reversed domination of class over class, but the policy of this Labor Party is professedly national in the best sense. It more than once repudiates the suggestion that its program is a "class" program, and indeed no program can fairly be so described, though inevitably it would alter class relations and modify class privileges, if men are striving honestly thereby for the "building up of the community as a whole."

## II

Not less significant, though naturally more restricted in their sweep, are the new plans for industrial reform made or adopted by the British Government. Where labor "gets busy" we may expect government to "get busy," too. I do not propose to describe here the various policies projected to meet the crisis, but one of these is so simple, so comprehensive, and, as a government program, so novel, that it offers an experiment of world-wide interest. It is designed to solve the hardest industrial problem of all, the establishment of a better system of relations between em-

ployers and employed. This is the already famous "Whitley plan."

A sub-committee of the Reconstruction Committee was appointed to consider the question of better industrial relations. It was composed of certain representatives of employers and employés respectively, some professed economists, and a few others who were in touch with the situation, including two women. This body, in spite of its mixed character, issued a unanimous report, now named, after the chairman of the Committee, the Whitley Report.<sup>1</sup> It is delightfully and strategically short, no more than an outline of the general organization which must exist to ensure the application of certain broad principles to industry. These principles had already found some advocacy. They had recently been put forward explicitly by a master builder of London, Mr. Malcolm Sparkes, under the form of an "industrial parliament" to regulate his own trade. They had actually been put into application in the Painters' and Decorators' branch of that trade, with distinct success as it appeared. They had

<sup>1</sup> More correctly, the First Interim Report, on Joint Standing Industrial Councils, of the Subcommittee on Relations between Employers and Employés.

been recommended by the Commission on "Labor Unrest in Great Britain," whose findings lay before the Whitley Committee. One of the general conclusions of that Commission ran thus: "Labor should take part in the affairs of the community as partners rather than as servants."

The new plan is introduced as follows: "In the interests of the community it is vital that after the war the coöperation of all classes, established during the war, should continue, and more especially with regard to the relations between employers and employed. For securing improvement in the latter, it is essential that any proposals put forward should offer to work people the means of attaining improved conditions of employment and a higher standard of comfort generally, and involve the enlistment of their active and continuous coöperation in the promotion of industry.

"To this end, the establishment for each industry of an organization, representative of employers and workpeople, to have as its object the regular consideration of matters affecting the progress and wellbeing of trade from the point of view of all those engaged in it, so far as this is consistent with the general interest of the community,



appears to us necessary." The plan suggested consists of a system of "joint standing industrial councils in the several industries, composed of representatives of employers and employed." These national councils would have very wide competence, not only in respect of immediate questions of demobilization and the restoration of industry, but also in respect of the permanent problems of industrial welfare, conditions of employment, adjustment of wages, removal of disputes, provision of technical training, of industrial research, improvement of processes, protection of workers in the matters of earnings and employment, safeguarding of their rights in the inventions and improvements they may discover and so on. The national councils would be supplemented by district councils and workshop committees, also composed of representatives of both sides, to deal with subordinate questions and special applications of general policy.

Two further paragraphs of the Report are very significant. "It appears to us," say the Committee, "that it may be desirable at some later stage for the State to give the sanction of law to agreements made by the councils, but the initiative in

this direction should come from the councils themselves." The importance of this statement has scarcely been recognized. The industrial councils are conceived as potentially law-making bodies. This goes right in the face of the accredited theory of territorial sovereignty, indivisibly centered in one all-competent (and therefore all-incompetent) parliament. It is a direct approach to the principle of degrees and kinds of sovereignty, so ably advocated by a rising school of political scientists, and in particular applied to industry by the guild socialists. (The latter, it is true, will have nothing to do with the Whitley plan, having their reasons for not believing that "half a loaf is better than no bread".) The application of this idea would be a wedge in the principle of centralized government, and is in harmony with the growing conviction that central parliaments and cabinets are overworked and underspecialized, and inadequate to the enormous complexity of modern industry.

The other paragraph says: "We are convinced that a permanent improvement in the relations between employers and employed must be founded upon something other than a cash basis.

What is wanted is that the workpeople should have a greater opportunity of participating in the discussion about and adjustment of those parts of industry by which they are most affected." The "cash-nexus," as Carlyle called it, will never bring peace between the warring parties, and it is well for human nature that this is so. The general failure of "profit-sharing" schemes bears out this truth. The cash-nexus will never bring contentedness to labor, so long as it is excluded from a voice in the determination of its fate, so long as it is merely a hireling.

The Whitley Report was adopted without delay by the Government. It sent copies to the various trade-unions and employers' associations, requesting their views, and the replies, from the great majority on both sides, were very favorable. The British Minister of Labor issued a circular on the subject, stating that the national councils are to be recognized as "official standing Consultative Committees on all future questions affecting the industries which they represent," and that they will constitute the "normal channel through which the experience of an industry will be sought on all questions with which the indus-

try is concerned." The Government is undoubtedly in earnest in its acceptance of the plan. What seems to impress the Government most is the advantage which accrues from its being able to deal directly with a single organization representing a whole industry, instead of with a number of crossing and conflicting authorities. The existence of these new organizations would have greatly eased its problem of harnessing industry for war, and it contemplates that their establishment will greatly aid its work in the period of readjustment. Accordingly it has set itself to promote the formation of these councils. At first the process of establishment was slow, but latterly considerable progress has been made. In a number of industries, including the building trades, the furniture trade, the heavy chemicals industry, the rubber manufacturing industry, the baking industry, and others, the councils are already in full operation.

A remarkable development along similar lines, forming a crown to the Whitley plan, is the proposed National Industrial Council unanimously recommended by a most representative Joint Committee of English labor leaders and employers, to



be a general parliament for all industry, "to secure the largest possible measure of joint action between the representative organizations of employers and workpeople, and to be the normal channel through which the opinion and the experience of industry will be sought by the Government on all questions affecting industry as a whole."

The application of the Whitley plan is a crucial experiment in industry. Its success or failure will profoundly affect all future developments. It proposes a *via media* between the existing autocratic control and such revolutionary systems as either the new or the older socialism advocates. What then, on the brink of this experiment, can we surmise about its chances of success?

The plan, though not revolutionary, is in contrast with the existing order radical. This at any rate is the first condition of success. Whether in fear from a forecast of the chaos that will otherwise ensue, or in hope from a vision of a better industrial order than we have known before, all men with any claim to statesmanship perceive the need of a new understanding, a new relationship in industry. Of course there are always with us the "practical men" who speak of all such

plans as "ideal" and "visionary." The motto of such people is that what has not been cannot be. Every day something happens to give them the lie, but they still repeat, with perfect composure, their ancient formulæ. They have been repeating them since the Stone Age, and if other men had listened, the world would still be in the Stone Age. Least of all does it become the leaders of labor to echo that parrot cry, for all that labor has so far gained was first scouted as "impractical."

Again, the plan is definitely based upon the existing organization of labor as of capital. This is made particularly explicit in the later explanatory reports of the Committee, which refuse to recommend the establishment of Whitley Councils for industries lacking adequate union organization. This important provision differentiates the Whitley plan from such methods of organization as the Rockefeller plan. It is a wise recognition of the fact that labor organization is a necessary foundation of industrial order, and that no scheme of bringing labor and capital together can be expected to succeed which cuts across or in any degree deflects the allegiance of the worker to unionism.

Such little experience as there is of the working

of a scheme of this kind appears so far to justify the hopes of its promoters. Where it has been already applied, as in the decorators' industry in Great Britain, it is stated to have induced a spirit of harmony and coöperation unknown before. The general favor which the plan has received alike from employers and employés is a good augury. We must bear in mind that employers and employés together are bound up in a system for which neither can be held responsible, that many of the former too would gladly break its fetters, and that the waste, material and human, of the system, is disadvantageous to the majority of both classes.

It would, however, be unwise to expect too much from this single scheme. Perhaps part of the welcome accorded to the Report is due to its generality. It is not difficult to discover causes of disagreement which may appear within the councils. The fundamental differences of interest between capital and labor as at present constituted are not abolished by bringing them together in permanent joint consultation, or even joint direction. Over these fundamental differences the Whitley scheme throws no bridge whatever. For

we must always remember that the profounder problem is not the relation of the management *as such* to employés *as such*. That exists under coöperative as much as under "capitalistic" production. The profounder problem is one of distribution not of production. It is one, not of relation of employer to employé, but of *capital* to *labor*. It is the problem of the relation of profits, interest, and rent to wages. So long as the capitalist regards labor as a necessary cost, so long as the worker regards interest, rent, and profits as deductions from the wealth which he creates, that unsettled question is a flaming sword which cleaves their interests apart. This is not a condemnation of the Whitley plan, but a statement of its perhaps inevitable limitations.

In this connection it is well to note that, while the interim reports of the Whitley Committee were unanimous, the final report reveals a distinct cleavage of opinion on a fundamental issue. Five members of the Committee, out of the fifteen who sign the Report, do so subject to a certain reservation. They say: "By attaching our signatures to the general reports we desire to render hearty support to the recommendations that In-



dustrial Councils or Trade Boards, according to whichever are the more suitable in the circumstances, should be established for the several industries or businesses, and that these bodies, representative of employers and employed, should concern themselves with the establishment of minimum conditions and the furtherance of the common interests of their trades.

"But while recognizing that the more amicable relations thus established between capital and labor will afford an atmosphere generally favorable to industrial peace and progress, we desire to express our view that a complete identity of interests between capital and labor cannot be thus effected, and that such machinery cannot be expected to furnish a settlement for the more serious conflicts or interest involved in the working of an economic system primarily governed and directed by motives of private profit."

There are numerous minor difficulties involved in the constitution of the councils, in the selection of representatives, in the determination of the powers of the joint boards, and so on. It looks as if the basis of national councils must first be laid by the establishment of the "Works Com-

mittee," and it is significant that the Whitley Committee is turning its attention more especially in that direction. The report recently issued on "Works Committees" by the British Ministry of Labor is most illuminating. It reveals the wide variety and range, the great need and service, but also the serious difficulties of these boards. One of these difficulties is the relation of the Works Committee to the trade-unions, which dare not allow themselves to be weakened by this new authority. Another is the assignment of powers to them—are they merely consultative or can they have any direct share in the actual management of works? "It would appear," says the report in question, "that the functions of a Works Committee are practically always consultative. Usually a Works Committee can bring matters before the management and discuss them with the management; it can press its views about these matters on the management; in the last report, it can induce the Trade Union organization to call a strike. But the Works Committee cannot usually, as such, carry its views into action, or ensure that they shall be carried into action, by any direct machinery. The management has the

executive power, and unless the management is impressed by the representations of the members of the committee, or by the sanction that lies behind them, those representations will not lead to executive action. This would appear to be usual even where the Works Committee is a Joint Committee. There are, indeed, certain cases in which the decision of a *majority* of the members of such a Joint Committee is carried into effect. This is so in the Pit-head and certain other committees which have the power to fine bad time-keepers; and in certain engineering establishments the question of prosecuting bad time-keepers before the Munitions Tribunal is decided by Joint Works Committees. But so far as can be discovered, the general custom is to the contrary. *Unanimity* must be attained; the management must be convinced, and both sides must freely agree together, before executive action is taken. The operation of a Joint Committee is really in the nature of consultation between two parties—consultation which, if it result in unanimity, results in action, but not otherwise. It would be a mistake to think in terms of voting, or to think that even if there is voting, its result is a formal decision by a *ma-*

*majority* vote. What happens is rather discussion by which misunderstanding is often removed and upon which, if *unanimity* is attained between the two sides, action will ensue. It follows, therefore, that generally we cannot speak of Joint Committees, if by Joint Committees we understand joint executive councils acting by the vote of the majority. On the other hand there are Joint Committees, if by Joint Committees we understand deliberate meetings of both sides, always attended by both sides, though often accompanied by separate meetings of the two sides" (pp. 27-8).

Another difficult question is the relation of the joint committee to the workers' committees now growing common in British industry—which will succeed better, a regular joint board or a committee of workers having regular access to the management? The latter is the general practice, and seems to be more in accordance with the present stage of industrial development. Perhaps the most serious of all these practical difficulties is the position and security of the chosen representatives of the workers in their new relation to the management. The Report on Works Committees contains a working miner's statement on the



subject which is worth quoting for the light it throws upon the workers' own interpretation of the difficulty in this particular industry. Referring to the work of the mining "output committees," he says: "The rules give the men a voice in the management, but I am sorry to say there is no Committee strong enough to administer the rules as it relates to management: they go so far but stop as they see an invisible pressure being brought upon them which is going to affect the security of their living, a kind of victimization which you cannot prove. Your contracting place is finished and you want another place, but the management sends you 'odding'; you are middle-aged and you cannot keep pace with the younger element; and you look after a fresh place, but everywhere is full up; and when you come out of the office you can see other men set on. This is what is going on all around the district, and you want to strengthen these men by having the rules enacted by Act of Parliament to make them binding; and if cases like this happen, there wants to be a Tribunal appointed by Government, representative of all classes so that a man shall have a fair hearing and equality of justice; this will

give him a security and it will reduce this insecurity of work." (Pp. 119-120.)

These serious difficulties may be, as already in some cases they have been, overcome, where both sides are in earnest in participating in the scheme. What emerges most clearly is the necessity for such committees under the new conditions of industry. It is noteworthy that as conditions grow more complex, as, for example, piece-work in engineering takes increasingly the place of time-work, the establishment of Workers' Committees is found necessary. Here is one agency whereby the rigor of trade-union uniformity may be by consent and under safeguard mitigated, and the ironic necessity dispelled which causes labor to resist the increase, through the applications of science, of the means whereby it lives.

This much appears to me to be certain, that the Report is based on principles which must, in this way or another, be applied if industrial relations are to be improved; and that, whatever its later fate, the adoption of this scheme can be of the greatest service in tiding over the first perilous transition period after the war.

## CHAPTER VIII

### LIONS IN THE PATH

*Forces in the established order which oppose  
beneficent change. The individualistic tradi-  
tion of the law. Anachronistic attitude to-  
wards competition. The courts in relation  
to labor.*

*The entrenched power of consolidated  
wealth. The economic oligarchy and the  
economic system. Control over the political  
machine and over the agencies of public  
opinion.*

#### I

ANY new order of industry, through which the human wastefulness of the present order can be removed, must involve a serious disturbance of established interests. It is well to understand the difficulties blocking the line of advance. In this brief survey, these can be suggested rather than described, and there is danger, in a summary review, of wrong emphasis and too sweeping judgments. But it is in full view of these difficulties

that any successful efforts towards reconstruction must be made.

There are certain assumptions underlying the argument which it is well to make explicit. I assume in the first place that any system which gives to any class or section or interest, large or small, uncontrolled power over others, is dangerous to the commonwealth. I assume that the progress of civilization depends upon, and has always been marked by, the emancipation from arbitrary control of those hitherto subject to it, not because the latter are superior in any sense, but because a relation of servitude is inherently evil, perverting the human quality of either side. I assume that wealth and poverty are inter-related and socially conditioned. I assume that irresponsible wealth, in its upliftedness and superfluity, is pernicious to the possessor and to those his wealth commands; and that all essential poverty, in its dejectedness and deprivation, in its denudation of opportunity, and in its diseaseful fecundity, is an evil not only to the poor but to the whole community. I assume that any reordering of society which mitigated the extremes of inequality would, if safeguarded from social reactions of



a harmful nature, lead to a better utilization of that wealth and to the greater happiness of mankind. I assume finally that in the present breaking system labor is in general a subject class, and that many of the children of labor are deprived, by economic necessity, of the opportunity to develop, for their own and the common good, their natural powers.

These assumptions imply no comparison, for better or worse, of class with class, no condemnation of one class nor exaltation of another. They do imply the indictment of a system, in so far as, in the growing consciousness of its character of good and evil, it is seen to be not inevitable but capable of reform. What is most clearly evil in it, and I believe most amenable to change, is the relation of dominance and subservience with all the waste that this entails. There are naturally certain strong influences in the established order which act to maintain that relation. These are the lions on the path.

Every established order seeks, though always in the long run vainly, to immobilize itself. It stereotypes customs into institutions, and fashions supporting modes of thought into laws and

precedents and forms of education. It subtly converts to its service the most spiritual forces, philosophy and religion, and enlists—though these are first to break away—the most liberating and creating forces, literature and art. By power it wins prestige, then turns its prestige into the foundation of its power. Thus alike for the good and the evil in it, it bids for immortality.

The first bulwark of all order is the "law of the land." It not only prescribes the form of order which regulates society, it breathes a spirit. In America that spirit is distinctly hostile to the spirit which is shaping the new labor situation.

"The great and chief end of men's uniting into commonwealths, and putting themselves under government, is the preservation of their property." So wrote Locke in his classical treatise on government. It was an expression of the frankly materialistic individualism of a bygone age which yet lives on in the American courts and most wonderfully in the American Constitution. It is at war with the ideal of labor in two vital respects, for it places property above persons, and it venerates the competitive principle. A few illustrations must here suffice by way of justifica-

tion for these statements. The attitude of law towards property is seen perhaps most luminously in the principle and practice of the injunction, the characteristic modern development of the old legal doctrine of conspiracy. An injunction is expressly issued to protect property against threatened danger. This danger may of course arise from a strike, more especially as market expectancies become recognized as "property," and the courts have issued a vast number of injunctions with reference to strikes, showing quite clearly that they viewed these disputes solely from the point of view of the property involved and not at all as a conflict of claims by which some indirect property loss (often negligible compared with the direct loss sustained by the non-property) is merely an incidental consequence. The tremendous range of the injunction was well illustrated in the Buck's Stove and Range case, which enjoined "the officers of the American Federation of Labor, officers and members of affiliated unions, agents, friends, sympathizers, counsel, conspirators and co-conspirators from making any reference whatever to the fact that the Buck's Company had ever been in any dispute with labor,

or to the fact that the Company had ever been regarded as unfair, had ever been on any unfair list, or on a 'we don't patronize' list of the American Federation of Labor or of any other organization, and also prohibited any person from either directly or indirectly referring to any such controversy by printed, written or spoken word." The vast scope of the injunction in the "blanket" form, its potency to arrest otherwise legitimate activities during its continuance, the efficacy of the punishment for "contempt" which follows its violation, and the inability to obtain juries in such cases, have combined to make the injunction, under the present constitution of the courts, one of the most formidable enemies of a new industrial order. If further proof of this claim were needed, it has been provided by the recent decision of the Supreme Court in the case of the Hitchman Coal and Coke Company.

The law would hold the industrial arena clear for competition. Whatever is in restraint of trade falls under its ban. Anachronistically it attempts to stem the onward movement of combination. Capital laughs quietly at its Canute-like attempts to stay the tide, and labor has in part



been already liberated from its inclusion under the ban of trade-restraining organizations. But the attitude of the law towards competition affects labor more profoundly than capital. Capital has effective devices for evading anti-monopolistic laws. On the whole these have changed the mode and degree rather than the extent of capitalistic concentration. Even if the force of the competitive principle were applied equally all round, it would be far more serious to labor than to capital. For the weaker side—and labor is weaker by reason of numbers, it is weaker in prestige and in resources no less than in representation on law-making and law-adjudging bodies—is always the loser under “free” competition. “Free” competition is death to the ends of labor. Under it the weakest members of the stronger party set the pace for all. The grinding “marginal” employer becomes the most effective and determinant bargainer for his side, being capable of lowering the wage-rate over a whole industry. And on the other hand the weakest members of the weaker party are *the least effective, but still determinant*, bargainers for their side, compelling all of the same status to accept a lower rate. Here is the great irony

of the much lauded competitive principle. Once it is understood the tremendous disadvantage becomes plain which labor suffers under a system of law rooted in the philosophy of competition.

The courts not only apply the law, they also interpret it. They must exercise discretionary power, they must determine motive in determining breach of law, and thereby inevitably reveal their own natural bias, the bias of the code and of the philosophy that underlies the code. It is easy to see, and easy to illustrate, the disadvantage labor has suffered from the exercise of this discretion, in the interpretation of such phrases as, for example, "wanton and malicious," "designed mainly to injure the employer," "sufficient interest," "intimidation," "conspiracy," and so on. There is little doubt that if a system could be established whereby the decision of labor cases was entrusted to special industrial courts, withdrawn from the operation of the common law and the formulæ and precedents of ordinary legal usage, it would remove much of the infirmity which labor feels in presence of the law.

The present situation is well expressed in the words of one of the most fair-minded of economic

investigators, the later Professor Hoxie. "The law," he says, "in so far as it assumes to represent the essence of positive justice but reflects the relations of handicraft industry, has no comprehension of modern industrial conditions, nor of their inevitable consequences, and no modes of dealing with them except by prohibition. It has no comprehension of a machinery for dealing out justice in a state of society changed and changing from that in which it was conceived. Being actually unable to outlaw combination, for industrial forces are more compelling than legal restraint, not being wholly uncognizant of the injustice worked by its arbitrary decrees, but unable to give up its pre-evolutionary standpoint, it is obliged to seek actual justice by shuffling, halting, roundabout methods and disingenuous distinctions which vary with the intelligence and bias of the particular courts. As the law in spirit is individualistic, as it makes the freedom and sacredness of individual contract the touchstone of absolute justice, and as the unions are formed to escape the evils of individualism and individual competition and contract, and all the union acts in positive support of these purposes do involve co-

ercion, the law cannot help being in spirit inimical to unionism. Unionism is in its very essence a lawless thing, in its very purpose and spirit a challenge to the law. Hence, even where the judges are understanding and intend to be sympathetic to unionism, if they are true to the law they must tend to be unfair to unionism."

These inequities are in some degree inherent in the slow process of legal evolution in every land, but in America they are of course aggravated by the peculiar authority of the judicature over the legislature. The power of the highest State courts and of the Supreme Court of the United States to declare measures "unconstitutional" is directly and indirectly a most formidable deterrent of political adaptation to the needs of a changing order. This is now too obvious to require insistence upon it. New illustrations, such as the recent declaration of the "unconstitutionality" of the Federal Child Labor Law are constantly being offered to confirm the evidence of history. In the great upheaval which to-day is undermining the political traditions of the older lands it may well be that America, for all its ostentation of Democracy, will have fallen from the vanguard to



the rearguard of political advance. For a complicated mechanism may prove more inexpugnable than a living caste, and a venerated document be harder to dethrone than dynasts and emperors.

There is indeed a process of adaptation that works even within the framework of antiquated forms. I do not wish to exaggerate the impermeability of the law and the constitution. Not even they are immune from the transforming touch of time. Interpretations inspired by new needs undermine the letter of the ancient law. The wedge of collectivism, its thin edge the protection of "minors" against industrial harm, pierces the individualism of the code. The "police power" of the State is successfully invoked to save many needed measures from the constitutional guillotine. Acts are passed expressly safeguarding anti-competitive organizations, such as the trade-unions, from outlawry. The Supreme Court itself is not so remote from changing public opinion that it does not register its influence. One significant indication is the confirmation by the Supreme Court of the constitutionality of the Oregon laws establishing a minimum wage and a ten-hour day respectively. The latter decision is par-

ticularly interesting, since it is the first which has expressly vindicated interference with the "right of contract in a general and not a specific application, and since also it is in contradiction to former decisions, such as that which declared "unconstitutional" the ten-hour bakery law of New York as "mere meddlesome interference with the rights of the individual." "It is impossible," says Mr. Lindley D. Clark in a review of these decisions in the *Monthly Review* of the Bureau of Labor Statistics, May, 1917, "to read this account without recognizing that the law 'is to some extent a progressive science,' and that changes may be expected to continue in it as they have occurred in the past." Nevertheless these movements are like the awkward ever-impeded steps of a shackled prisoner, not the forward motions of a man who freely pursues his course. It is hard enough to meet unbound the conditions imposed by the incessant technical change of modern capitalistic industry, but bound by the formulations of past centuries it becomes a Herculean task.

## II

In old mythologies they told of young gods, strangely born, foreordained to compass the overthrow of their parent deities. Gifted with similar parricidal power, new forces have arisen out of the welter of American individualism, their destined task the dethronement of the venerated God of competition when the latter's work is done. That destiny is already in process of accomplishment. Every conquest within the competitive field has narrowed that field. Every device learned and practiced in the competitive struggle has been a means to abrogate or to transform that struggle. With wonderful success the victors have gathered power, property, and prestige to shield them from further assaults. The old warfare is, for the greater victors, past. What remains for them is consolidation, and the enjoyment of the ripening spoils. To this end, having destroyed competition within, they acclaim competition without, and in particular they decry all "socialism" (within which term they comprehend almost any degree of State regulation) as the ruin of a free Republic.

The entrenched power of consolidated wealth is exercised directly over industry, and indirectly over government, over a multitude of voluntary associations, and over public opinion. With this power we are here concerned only in so far as it is used to stay the process of industrial adaptation to social needs. In one respect this power is itself the revelation of consummate adaptation, for it rests on combination and by its success shows how much more capable to survive and flourish is combination than its natural foes. But capitalistic combination, like some savage potentate, would secure by fratricide the throne it won by parricide. That is, it would destroy or nullify those other forms of combination which are also being shaped within the new industrial world, and which are the necessary safeguards against its own great power. In particular, it attacks the more effective forms of state supervision and regulation, and it deliberately attempts to suppress the growth of its own direct and proper counterpart, the organization of labor in unions. These activities imperil the needed reconstruction. Here indeed is the greatest peril that lies in the path, the opposition of the vast pervasive power of change-abhorring wealth.



This power is both direct and indirect, and a brief survey of both manifestations will indicate its magnitude. Directly, it is the autocrat of the whole world of business. In respect of wealth, great as is the concentration of ownership, it is little as compared with the concentration of control. This has been brought about not only by the growth of industrial and commercial corporations and their alliance through trusts, voting trusts, combines, cartels, trade associations, interlocking directorates, rings and understandings of all kinds; but still more through certain inner developments of modern finance. One of these is the modern banking system, under which the banks, the trust companies, insurance companies, and other depositaries of the funds of the public, all closely interlinked, determine the direction in which new capital shall flow, the industrial soil which it shall fructify. Another is the central control of values as recorded on the Stock Exchange. Wealth is ceasing to mean ownership of concrete means of production and becoming ownership of claims upon production, in the form of interest-bearing bonds and dividend-bearing shares of stock. These have transformed capital into some-

thing, for the ordinary man, uncannily abstract, into something homogeneous and divisible, readily transferable, wonderfully "sensitive" and "fluid." The celerity and direction of its flow depends on the ups and downs of the value barometer, and the financial "weather men," who sit in inner places, have prescience and partial control of these fluctuations. This inside knowledge, combined with such devices as majority holdings of common stock and interlocking directorates, gives a small circle of financial power a certain control over the combined wealth of half the people.

This is the inmost circle of a wider oligarchy, which, by its increasing control over prices, would control, among other things, the wages of labor. It is easy to see how this power over prices gives capital a great advantage in the struggle with labor. It may be able so to manipulate profits that demands for better wages or conditions appear to spell disaster. Or, failing that, it can represent wage-increases as additional taxes upon the consumer, and indeed ensure that they shall be such, so starting a vicious (and profitable) cycle of higher prices, which in time makes the seeming gains of labor specious and vain.

We must at the same time remember that the economic oligarchy is itself the result of the economic system which it in part controls. The system is in fact more powerful than the oligarchy—a truth which is generally applicable to political oligarchy as well. Just as the wage-system dominates the life of the worker, so does the price-system dominate the activity of the employer. The employer is impelled to secure himself as far as possible against the dangers of the speculative method of production, against the constant risk of rising costs or falling prices, against the loss of his market through competition or changes in demand, against the vagaries of the business cycle; and in the process, unless he occupies a peculiarly sheltered position, he is bound to exercise over labor whatever control he can. Capital possesses certain advantages over labor which by its very nature it is bound to exploit—and will continue to exploit save as liberation comes through the development of new forces strong enough to change the system by which both capital and labor are for the present bound.

Labor is hired by capital and not capital by labor. There is nearly always a surplus of

labor asking capital to give it employment. Labor is "fired" by capital and never capital by labor. The determination of processes as well as of prices, of tasks as well as (though no longer wholly) of payments, of responsibilities as well as of rewards, belongs to capital. This economic power, above all the power of dismissal, is a means to influence the policy of labor. Just as the small patriarchal employer of old times often applied his economic power to ensure that his employé attend church or voted according to direction, so the great modern corporation attempts to check what it regards as undesirable tendencies of thought among its workers. It is inevitable that power should establish its advantage in these ways, by whatever class or party or interest the power is possessed. But in the times of reconstruction it is a lion in the path.

In respect of the less direct forms of control, the power of wealth ramifies so far into every nook and cranny of the social structure that a review of this kind can but suggest the broader channels of its exercise. The control of politics is of course the first external aim of economic power. In the preceding section of this chapter



I have indicated how great is the advantage which the law and constitution give to the upholders of the *status quo*. This is reinforced by the party system, with its secret machinery, its antiquated cumbrousness, its chicanery, and its dependence for funds on generosity, however motived. It is by control of the mechanism of the party-system, from the small wheels managed by ward-bosses up to the great wheels which move silently in Washington, that the wealth of America has succeeded, in such large measure, in translating a democratically-minded nation into an effective plutocracy. In the United States, as also in Canada, wealth has laid its hand with power on the helm of the ship of State, not indeed with undisputed authority, but sufficiently to deflect it far from its appointed democratic course. The plutocracy does not enter politics merely to defend its gains; to win over, by fair means or foul, the opponents of its interests, not excluding leaders of labor, to acquire cheap franchises, exemptions and other privileges; it offers also, through its political servants, a national policy. It is a policy to divert attention from national welfare to national bigness, from the needs of a people to its ambitions, from

intrinsic fulfillment to the vainglory of the race-spirit. It is a policy of expansion, of combative protection, a policy that makes appeal to the coarser elemental passions which steal the name of patriotism.

To control the mechanism of politics it is necessary also in some degree to dominate public opinion: and the various institutions and associations which mold that opinion are thus subject to strong persuasions. An institution which depends on the endowments or contributions of the wealthy, be it philanthropic association, church, or university, is in some peril of losing its free spirit. I have heard the director of a great philanthropic association confess that its policy must not offend the prejudices of wealthy donors. Even the universities have not lacked ominous signs of suppression or intolerance. Teachers have been discharged or passed over, not for incompetence but for opinions contrary to the sentiments of a governing board. The issue is clearly defined in the *Report on Academic Freedom and Academic Tenure* prepared by a committee of the American Association of University Professors. It contains the significant statement: "In the early period of

University development in America the chief menace to academic freedom was ecclesiastical, and the disciplines chiefly affected were philosophy and the natural sciences. In more recent times the danger zone has been shifted to the political and social sciences." Happily the spirit of intolerance does not prevail, for if it did, all the dignity, all the inner worth and meaning of the University would be lost, all the sustaining happiness of the hard search for truth, which yet, to those who know it, is more than compensation for the greater material rewards of other professions, would be destroyed.

But it is the more immediate agencies and stimulants of opinion which organized wealth is most anxious to control, the stage, the screen, the press—above all, the press. The significance of the newspaper and periodical in making as distinct from reflecting public opinion is well understood by all the rulers of man. The effect of its ubiquitous suggestion, poured with such facility morning and afternoon, spread abroad with such rapidity, finding its way into nearly every home, is incalculable. Its double armor of irresponsibility and anonymity renders it almost invulner-

able, and conveys the idea of some impersonal force—as if it were the mouthpiece not of individual men but of society itself. Even if the press were inexorably truthful, it would still, if controlled, be dangerous: for the power of selection which it exercises is a more subtle determinant of opinion. Any course whatever can be made to appear noble or base without one iota of direct falsification, according as the bias of the press selects and omits and gives prominence to one or other set of facts and opinions. By this means the press can exercise an almost hypnotic influence on the minds of men. Hence there is a vital danger to democracy as the tendency to combination, under capitalistic control, spreads to the newspaper world. This applies to news agencies as well as to journals. The former have a more pervasive and impersonal influence, reaching out from the cheap “boiler-plate” provided for country newspapers to the special reports of current events. There have been in the States certain cases which seem to suggest that “the interests” have a very direct influence on the news agencies. It is claimed, for example, by labor that the press agency reports of strikes and other labor disturbances, such as those



of the Colorado Fuel and Iron Workers and the West Virginia miners, are one-sided and misleading. A contrast is drawn between the publicity given to the McNamara case and the concerted silence of the press on the Mooney case, where the vindication of labor instead of that of capital was involved. If this is true, it becomes a public danger of the gravest kind. It is easy to see that the control of opinion becomes a more vital concern the more a country develops toward democracy. Interests which formerly could command have now to persuade, to justify themselves, and they become on that account eager to control the organ of opinion.

Fortunately, this last lion in the path is, like the lion of the child's story-book, unable to withstand the "power of the human eye." To face it, to perceive it, is to overcome it. Eternal vigilance is here also the price of democracy—and there are always organs of opinion strong enough and fearless enough to withstand those influences and to stimulate that necessary vigilance. To-day, when the world is sick with longing for a new and better order, it is more necessary than ever before.

## CHAPTER IX

### THE NEW WORLD AND THE OLD: A CONTRAST IN LABOR CONDITIONS

*The extent of labor organization in the United Kingdom and in America respectively. Why labor in America has been politically frustrate. Emigration versus Immigration. Other contrasts. Differences in spirit between the old world and the new, and their effects on the situation of labor.*

UP to the present there has not been, in the United States or Canada, any activity, directed towards the improvement of industrial relations, at all comparable, in breadth and seriousness, with that now manifested in Great Britain. One reason is not far to seek. The spiritual disquietude of the war was slow to reach these shores. There has not been that shock to the sense of an established order, that disturbance of all complacencies, which swept the countries suddenly and completely drawn into the maelstrom. But there are other reasons besides this, reasons inherent in the great

differences between new-world and old-world conditions. It is indeed sometimes thought that these differences render unnecessary the more heroic measures advocated or planned in older countries, that we can get along without any great modification of the existing haphazard relations of capital and labor. I do not read in this way the signs of the times. I think it is very possible, on the contrary, that unless adequate thought be given to it and preparation made, the after-war industrial situation in North America may grow at least as acute as in Europe. The differences are real and great, but some of them aggravate rather than diminish the need for preparedness. They may prevent the application by us of old-world solutions, but they make more imperative the quest and discovery of our own.

It is worth while, therefore, to review briefly the chief differences in question. They are differences of organization and differences of spirit.

Of the former kind the most obvious is the greater development of labor organization in Great Britain. Taking the figures for the last year before the war as affording the fairest basis for comparison, we find that the United Kingdom

had, in proportion to population, more than three times as many trade unionists as America. Allowance must of course be made for the greater industrialization of Britain, but it is clear that the organization of labor is particularly inadequate in America. This failure stands in the way of all constructiveness. It would be difficult to work out, say, the Whitley plan in America, for that plan depends on the representation of the workers on industrial councils, and without organization there can scarcely be true representation. Another consequence is that in America there is not the same complex system of established trade-union rules which governed labor in British factories and workshops. These rules are double-edged. Being motivated by a distrust of capitalistic management, a distrust born of past experience and too often confirmed by existing conditions, they proved a serious obstacle to industrial efficiency, but at the same time they gave to the worker a certain protection here unattained.

The growth of the American Federation of Labor during the last twenty years, under the influence of economic conditions which have gradually established here, as in Europe, a distinctive



working class or series of classes, may point towards a coming organization of labor in America comparable with that already attained in Great Britain.

One of the most significant differences between American and English labor is found in their respective attitudes towards political action. In Great Britain, and generally in Western Europe, the modern development of trade unionism has gone hand in hand with the growth of a political labor party, which, whatever its weaknesses and divisions, has at any rate been strong enough to influence the policies of the traditional parties. Already in Great Britain it confidently aspires to victory over the opposing political forces. Whereas in America labor has been politically frustrate, neither strong enough to create an enduring party of its own, nor united enough to formulate a common platform, nor influential enough to affect very seriously the policies and conflicts of the older parties. In America no fierce protracted struggle for the elementary right to vote rallied to the cause of radicalism a whole disfranchised class; no sacrosanct association of landownership and political supremacy seemed to bind men fast to pre-

established servitude. Again, the conflicting variety of labor legislation enacted by forty-eight autonomous states, the diversity of race-composition and also of economic and social development over a continental area, the individualistic tradition of a people awakened to the wealth of a still exploitable land, these have confused the political issue between labor and capital; while the conservative mechanism of the American Constitution, so generally lauded nevertheless as the very palladium of liberty, has constituted a barrier between labor and the fruits of whatever political victory it might hope to achieve. For these reasons the protests and struggles of labor have been more narrowly economic, and only a socialist minority has insisted on the correlation of political and economic power. It is easy to explain the aloofness from independent politics of the more conservative body of labor in America—whether that aloofness is to-day justified is much more dubious. Labor in other lands has had no less formidable, though different, obstacles to overcome in order to achieve any real political weight, and the association of economic and political power is ungainsayable. American labor has not developed the

wider statesmanship, the constructive policy, that political experience is beginning to bestow on labor elsewhere. There is little sign that it can seize, with decisive insight into the need not of a class but of a people, an occasion so vast as that now unrolling before the industrial world. There is little sign that it can, for example, either produce or adopt a program of the strength and quality of that enunciated in the manifestoes of the British Labor Party.<sup>1</sup>

Another vital difference springs from the circumstance that Britain is subject to emigration and America to immigration. Emigration simplifies and immigration complicates the labor problem. It is quite obvious that in any country subject to large-scale immigration no stable organization of industry can be maintained apart from a supporting policy in this regard. To this difficult subject I shall later return. Here I need

<sup>1</sup> Since the above was written there has begun, once again, the formation of a political Labor Party, through the activity of a number of State Labor Federations, commencing with Illinois and New York. This means a new conflict between the wider and the narrower idea of labor, between those who discern the relation of economic and political power and the hard-shelled doctrinaires of the Gompers régime. It is significant that the new parties claim to consider "the good of all who work by hand or brain."

merely refer to the way in which immigration creates cross-divisions within the sphere of labor. In every country the distinction between skilled and unskilled labor is an obstacle to solidarity, but especially so in America, where unskilled labor is largely immigrant, recruited from alien peoples with different traditions and lower standards of living. This creates a more determinate division of economic class and economic interest than is found in Europe, and it makes the common organization of labor harder to realize. In Britain the general labor unions form an important, if not yet integrated, part of the whole trade union movement, while in America unskilled labor remains a chaotic unorganized mass, save for the fragments that are from time to time caught up by revolutionary doctrines. It was this issue, the solidarity of all labor versus the distinction of interest between skilled and unskilled, which was, for the time being at least, decided in the historic conflict of the Knights of Labor and the American Federation; and the triumph of the latter, in the late eighties of last century, signally revealed the reality and the extent of the cleavage.

Again, we suffer more violent transitions from



prosperity to adversity, from boom to depression, than do the older countries. These transitions profoundly disturb the development of labor policies. In the boom periods, such as the sixties and the early eighties, labor organizations have generally grown strong and aggressive, only to fall back disorganizedly, in the ensuing depression, into rarely tenable positions of defense. Furthermore, in the older industrial countries the relation between agriculture and industry, though disturbed by the exceptional stress of the war, approaches nearer a state of equilibrium than with us. For these reasons we experience greater fluctuations of employment and unemployment than a country like Great Britain, while we have fewer safeguards in the form of provision and insurance against this and other industrial risks. Such conditions undoubtedly make industrial reconstruction harder to achieve, but they certainly do not lessen the likelihood of after-war crisis.

Along with these differences of organization there are corresponding differences of spirit to be reckoned. Differences in organization are easily seen and described, but differences of spirit are more elusive and hard to isolate in the confusing

cross-currents of what we take to be the national life. To suggest them in a phrase or two is to run grave risk of simplifying, exaggerating, and distorting them. Yet there seems to be a quality in American civilization which has an immediate bearing on the industrial situation. For one of its main effects is to give a primacy, a simplicity, and in fact a narrowness to the economic interest less universal elsewhere. Elsewhere men are apt to seek economic power as a means to position, dignity, political and social dominance. Here these superiorities are more often regarded, by the men who acquire them at least, if not by their privileged families, as a means to economic power; and wealth buys its gratifications more directly, more ostentatiously, and also, to use the term with no necessary implication of better or worse, more materialistically. Similarly, where the struggle is not for wealth but livelihood, the economic arena more completely bounds men's aspirations. The small circles which call out men's loyalties less clearly connect with the great circle of the nation. Cohesiveness, especially among immigrant groups, may be even more intense than elsewhere, but it is fragmentary. There is more opportunism, more

economic ruthlessness, though the idealism which does emerge is also less fettered by tradition. Whence arise many of the peculiarities of our social and political structure, many of its defects—and many of its potentialities.

The conditions of our growth as a continent have left their impress, even where they no longer manifestly operate. These conditions bred or attracted the more individualistic and externally adventurous types, the pioneer, the migrant, the land-exploiter, the hunter after fortune. Theirs was indeed the necessary spirit of an army of occupation, but the time of settlement follows, and then that spirit proves a hindrance. More stability is demanded, a wider purpose, a deeper sense of social responsibility.

This has been lacking in our industrial relations, perhaps more obviously than in other lands. I am speaking in general, well aware of numerous exceptions, but the general statement seems true. It applies as much to workers as employers, but, by reason of his economic advantage, it is the employer who must first exhibit that change of attitude without which harmonious relations will be still less realized in the future than in the past.

On this point there is much need of insistence. If, in the changed temper of labor and of the world, industrial order, not to say human progress, is to be assured after the war, the employer must everywhere unlearn the doctrine that human labor is merely a commodity, so to be treated, so to be bought, so to be used up, driven, or rejected, as will conduce to the immediate maximum of productivity or of profit. The very opportunities afforded by a young land have contributed to foster that attitude, men being so engrossed in its exploitation, in the control of its material resources, that they have scarcely been able to stop and consider its human costs. I remember talking to the manager of a large packing plant, who told me enthusiastically how the introduction of a resident doctor, along with some simple hygienic precautions, had worked wonders in the health of his establishment. "Formerly," he said, "we had forty cases of septic poisoning a month, now we have scarcely three." I enquired why, if the provision was so simple, inexpensive and effective, it had never been introduced before. "We have been so busy expanding," he replied, "that we had no time to think about it before." A young country fur-



nishes a particular temptation to think more in terms of size than of welfare, of output than of human utility. To grow big has naturally, perhaps inevitably, seemed more urgent than to lay the sound foundations of prosperity. But whatever justifications may have been offered for that doctrine in the past they are ruled out by the necessities of the present.

A good illustration of the kind of irresponsibility to which I refer is found in the attitude of the majority of workers and the majority of employers towards unionism. But this is a subject of such importance as to deserve a separate chapter.

## CHAPTER X

### RECONSTRUCTION AND THE TRADE UNION

*Indifference towards unionism of the majority of wage-earners. Opposition on the part of employers. Attitude of the general public. The union as a sine qua non of industrial order and progress. Objections to unionism considered. Probable developments. Equilibrium versus harmony in industrial relations, and the principles underlying both. Reflections on unorganized labor.*

THERE is nothing that to my mind more clearly reveals our general failure to appreciate the conditions of industrial progress than the prevailing attitude towards trade-unionism. I have already commented on the lack of interest on the side of the workers. The only organization that stands definitely for the wage-earner is the union, and yet in America probably less than fifteen per cent of the wage-earners are organized. For whatever causes, indifference, timidity, lack of stability, difficulty of rural organization, and so on, the large

majority of workers still remain outside the unions. Even of those inside a large number have but the feeblest hold on the union principle, as the great fluctuations in membership from time to time reveal; while a still larger number are indifferent to any but the immediate interests of their own which unionism may serve. Except in a few specially favorable industries the union itself remains at a rudimentary stage of development. The great problems of unionism, such as the relative merits of craft, trade, and industry as units of organization; the relation of unionism to political activity; the adjustment of the interests of skilled and unskilled workers; the coördination of conflicting jurisdictions—have received far less attention than they deserve. And union policy as a whole is hand-to-mouth, haphazard, and fragmentary.

On the other side a great number of employers exhibit, not mere indifference, but open or secret hostility to unionism. Too often they regard the union as a mere nuisance, a source of disturbance and “agitation” which they refuse to recognize except under *force majeure*. Every conceivable device—black lists, white lists, employment books,

card catalogues, "iron-clad" oaths, espionage, discriminatory bonus and "welfare" schemes, subornation, bribery, and all the rest—has been used to frustrate and discourage the union. Employers great and small, from the directorate of the U. S. Steel Corporation to the boss of the most wretched New York sweating den, have discriminated against unionists. In a country that calls itself free beyond others the elementary right of organization has been denied more truculently than perhaps anywhere else in the world. The union, its opponents believe, make the worker less submissive. Naturally they do not consider whether there are not in industry conditions to which the workers should not submit. It is not the union, it is the condition under which so many workers toil and exist, from which "unrest" springs. The union voices that unrest, it does not create it. Rather, the union gives it an orderly expression, and helps to suppress its more violent and ineffective forms. The union cannot even be said in general to foster strikes, as is evident from the fact that the oldest established unions are generally the slowest to appeal to the strike, and that



a large percentage of strikes take place contrary to the ruling of the union executives.

Lastly, the "outside public," that large body which rightly or wrongly regards itself as belonging to the ranks neither of capitalists nor of wage-earners, has tended to look with little favor on the union, often condemning it as a mischief-making association interfering with the ordinary business of the community. I have heard professional men denounce the union principle, never reflecting that their own professional organizations, those of law and medicine, for example, are just particularly successful and privileged unions, pursuing in their own sphere the same ends, and employing many of the same methods, as industrial unions. Those who really desire to see order take the place of chaos in industrial relations should, instead of discouraging, do what they can to encourage unionism.

The truth is that the "outside public," the rank and file of the traditional political parties, the small landlords, the farmers, the professional men, the small business men, retailers, clerks, have been rather blindly individualistic. Their not unwarranted fear of the aggression of big associa-

tions has led them to the quite unwarranted inference that the national interest is best secured where industrial and commercial associations remain small. They were always trying to push competition a little further from themselves and piously hoping that it would nevertheless continue, for their benefit, its unabated sway over others, particularly over the bigger amalgamations which in fact are most able to control it. They did not see that free competition is free disorganization, that the predatory chaos of small business is utterly wasteful and subjects employers and workers alike to endless demoralizing hazards, whereas the unification of large business, *given intelligent political control*, prepares the way for an era of security and constructiveness. There will be no industrial order worth having until industry is organized as a whole, which means also until labor is organized as a whole. Now the pendulum is swinging back from the extreme of individualism, and as it moves, the attitude of the public towards unionism grows more sympathetic.

For we must come to see that in the modern industrial world the union is a necessary means to the securing of order and progress. This is being

realized in the older lands, where every plan for the improvement of industrial relations, such as the Whitley program, depends on the active participation of the unions. Just as employers' associations stand for the point of view of capital, so trade unions must stand for the point of view of labor. The union should stand for all those who work, as they say in mining, "at the face," who know its toil and expense of spirit, who alone can appreciate its human costs, who are partners in all production, and may claim as partners to have a voice in the determination of its conditions and in the apportionment of its products. To refuse recognition to the union, or more generally, to regard a business as existing merely for the sake of its "owner" in the sense of those who contribute its capital, is to treat partners in production as instruments only of production, it is to treat persons as only mechanisms.

It is often objected that the unions impede industrial progress by prescribing limitation of output, by opposing the introduction of labor-saving devices, by insisting on uniformity of wage-rates, and so on. There is truth in the indictment, though it is a common and serious mistake to sup-

pose that all the opposition to improved means of production comes from the workers: capital also is conservative and has vested interests which sometimes block technical advance. Besides, the truth of the indictment is subordinate to the deeper truth that this opposition is a part of the penalty we pay under a system which sharply divorces the interest of labor from that of capital. Again it is not unionism but the system which must finally be held responsible. The remedy can be found only in an industrial order wherein men can work safe from the haunting tragic fear—none the less potent because it is sometimes illusory—that their very efficiency may be their undoing, that their speed will bring unemployment or their skill be the means of lowering their own or their fellow workers' wages.

How can that be achieved apart from the trade union? Without security in their work how can the wage-earners have effective interest in their work, and how can they have security without organization? Without the union how can the more cut-throat forms of competition, so fatal to the workers' standard of life, ever be abolished? How can that standing menace of civilization, un-



employment, ever be mastered? Without the union how can understandings be reached which will permit of the full application of beneficent science within industry? Without the union how can the sense of impotence be overcome which leads to violence, disintegration, and revolutionaryism? Without the union how can the most elementary safe-guards of free men, in face of the vast power of organized capital described in the preceding chapter, be attained? It is the union which has made possible the remarkable spells of fruitful peace which have been witnessed in, for example, the cotton industry of Lancashire and the bituminous coal industry of America. It is the trade union bargaining freely and strongly with the employers' organization which has opened up the new way of trade agreements, giving the administration of a constitution to such industries as transportation, mining in many of its branches, the building trades, the pottery trade, the printing trades, and the metal trades. It is the union, through its national organization, which has made possible during the crisis of war, the establishment of machinery to prevent industrial disputes, the redistribution of labor according to war needs,

and the acceleration and increase of output. And finally, beyond these beginnings and temporary expedients, it is only by aid of the union that the new order of industry can be achieved.

What precise form this evolution will take can scarcely be foreseen. Any real harmony seems still far off, must indeed be far off while the interests of labor and capital remain so disparate. Labor will have to cease to be mere servant and capital mere owner before such harmony is realizable. The cleavage of function which the industrial age introduced must be reintegrated into some form of community of function, so that the terms "capital" and "labor" lose their present day distinctiveness as applied to groups of men. If that coöperative ideal is a vain dream, so also is harmony. But in any case it lies in the remoter future, towards which nevertheless it is necessary to work. In the meantime, not harmony but only equilibrium is possible, through the realization, by these opposing and not unequally matched forces, of their indispensibility to one another. This realization will naturally create not so much a common organization of employers and employed as a common meeting ground of their re-

spective organizations. The direction of immediate progress is, in America at least, not common or joint councils in the strict sense, but a system giving the representatives of organized labor regular access to the representatives of organized capital. With the existing cleavage of interest a common council would tend to be common merely in name, the meeting together of two utterly distinct groups. The immediate establishment of common industrial councils might also endanger, in all except the best organized industries, the development of unionism, which is the intermediate step towards the new order.

But equilibrium is a thousand times better than chaos. That it is practicable (though never secure) many modern instances, such as that of the bituminous coal industry above referred to, reveal. But it is practicable only if certain principles, still far from general acceptance, are conceded by both sides. These principles involve the agreement:

- (1) On the part of the employers, not to dismiss or prejudice employ es for union membership or activity; to confer, on all matters directly affecting them, with the representatives

of organized labor or generally of the employés concerned; to permit the reference of grievances, appeals against "unfair" dismissal, &c., to the joint meeting of representatives or a special grievance committee similarly constituted.

- (2) On the part of the workers, to discountenance deliberate limitation of output and other hindrances to productivity, no longer necessary to protect their working conditions, and to insist on the fulfillment by all workers of contracts and trade agreements entered into with the employers.

What results can be attained by mutual acceptance of these principles the war-time experience of many belligerent states has revealed. The war made intensive and uninterrupted production imperative. Means had to be devised which would ensure that the incessant conflict of labor and capital should not for the time being issue in strikes and lockouts, particularly in plants working on government orders. The most effective means was found to be a direct contract between the government as ultimate employer and the labor or-



ganizations, giving the latter both recognition and the status of a partner, through representation in the determination of policy. This was the plan followed by the Navy Department, the Emergency Fleet Corporation and its Shipbuilding Labor Adjustment Board, the fuel administration, the railroad administration and one division of the War Department. It was finally embodied in the constitution of the National War Labor Board. All this was an entirely new policy, so far as the Government of the United States is concerned. But it made possible the notable achievement of nearly uninterrupted industrial activity on an enormous scale, in the cantonment construction camps, in the docks, shipyards, navy yards, and arsenals, in the coal mines and on the railroads. That this new policy, and not alone the favorable concomitants of patriotic enthusiasm and relatively high wages, was responsible for productive efficiency is suggested by the contrasting conditions in branches of industry, such as the lumber camps and copper mines, where no such methods prevailed. It is of course neither possible nor desirable to apply under peace conditions the compulsions exercised during the war, but the lesson of the dependence of

efficiency on the active coöperation of both sides should not be lost.

It may be in place to suggest here certain further principles, which must be accepted before common councils, in the strict sense of the term "common," could be established with success. They are as briefly as possible these two:

- (1) That each workshop, occupation or industry is a coöperative unity, in which all the members, management and workers too, have a vital interest, and where a vital interest, should have also a voice in decisions that affect it—*not subordinated to the claims of any outside and merely passive ownership;*
- (2) That each workshop, occupation or industry is but a specialized division of the community, coöperating with all others in supplying a nation's needs; that it is therefore fulfilling a national service—and a service that indeed goes often beyond the nation—united with all other services in national obligation under the sanction of the State.

The distance we are from the acceptance of such principles is the distance between us and real

industrial harmony. Its greatness is the justification for the opinion that meantime we must look on equilibrium as the direct aim to be achieved, not a static equilibrium, which is impossible in human affairs, but a "moving equilibrium" leading by orderly process to a goal conjectured but unknown.

I have insisted on the necessity of organization as the first condition of order and progress. How needful it is a contrasting glance at the condition of unorganized labor reveals. It is, taken as a whole, the most depressed part of labor, the most exploited, the most inefficient, the most unskilled, the most prone to the extremes of brutal indifference and spasmodic violence. It is the least socialized, the least able to achieve its own salvation. For the more unorganized types of labor the direct intervention of the State, by way of Trade Boards charged with the task of assuring minimum rates and decent conditions of work, is the only immediate hope. And this is a makeshift, an acknowledgment of the helplessness of that class to secure its own deliverance, merely a means of making its work tolerable and no

longer a peril to the standards of the rest of the community.

In a word, it is not organized labor that is the peril—the real peril to the nation is unorganized labor, and the spirit that would keep labor unorganized. The organization of labor is a basis necessary for any permanent reconstruction in industry, for any creation of order out of our growing chaos.



## CHAPTER XI

### LABOR, IMMIGRATION AND THE BIRTH RATE

*Why a surplus of labor? Is unemployment inevitable? Organized redirection of the demand for labor the way to remove unemployment. The answer to the Malthusian challenge. The need for immigrational control. The literary tests. A suggestion for a more flexible mode of control.*

"AT nature's mighty feast there is no vacant cover" for every new comer in a world already possessed. This was the substance of a famous parable written by Malthus at the end of the 18th century. Most significant changes have taken place since then. Forces which he saw but did not appreciate have assumed a new importance. The principle of population which he formulated and feared has been profoundly modified by the psychological reactions of an age that no longer fears the fruit of the tree of knowledge. Some thinkers have in fact already passed to the contrary pessimism, forecasting a world of dwindling

population and "race-suicide." Whether that pessimism is not equally vain is a question I have elsewhere discussed.<sup>1</sup> What I wish to insist on is that, in spite of all this change, one corner-stone of the argument of Malthus remains as solid as ever. It is the permanent "surplus" of labor, the over-supply of workers relative to the demand for their services. This constitutes the crucial question of the modern industrial order.

Why should there be chronic unemployment? Why should the supply of labor in every industrial country normally exceed the demand? Why is there not "enough work to go round"? Why should the fear of over-production characterize a civilization beset by poverty? It is not that, absolutely, too much of any good is produced to satisfy the desire for it. The wants of the whole population for any good have never been satisfied. It is not that, absolutely, the population is already too great for the land and its resources. There is more unemployment, as a rule, in the United States and Canada, with their unfilled fertile lands, than in the United Kingdom. It is not that, absolutely, the capital is lacking which can set labor profit-

<sup>1</sup> In my book *Community*, Bk. III, c. VI, §1, and c. VII, §5.

ably to work. In the words of Mr. Beveridge, "unemployment is a question not of the scale of industry but of its organization." While capital, relatively to population, has greatly increased in industrial lands, unemployment has not proportionately decreased. On this point the great war has also a plain lesson to teach us. Its insatiate demand for capital has tapped no less adequate sources of supply, because there existed the will and the organization to provide it. The capital necessary so to organize industry as to set all the genuine unemployed to work—to work fruitful in the production of further wealth, not, like warfare, destructive of the wealth that already exists—is but a trifle in comparison. If the will and the organization were forthcoming, the problem of unemployment would be solved forever.

What is the nature of this requisite organization? The root of unemployment—and of a hundred economic maladjustments—is the unregulated relation of demand to supply. In respect of labor, demand controls, not supply, but the utilization and direction of the supply. "Demand," as a great English writer in another field of thought has said, "is very imperious, and supply

must be very suppliant." Demand is a function of the existing distribution of wealth, and directs the supply so as to maintain that distribution or even to enhance its inequality. The poorer you are, the less your demand (however great your need); the less therefore the provision for satisfying your demand. The richer you are, the greater your demand (however socially insignificant your yet unsatisfied need) and therefore the greater the diversion of labor to satisfy your demand. From which it follows that superfluity and poverty (and therefore unemployment) have a common root. Every increase of capital—and in normal times there is an almost automatic increase of capital from year to year—makes greater prosperity possible, but the general industrial disorganization, of which the competitive inferiority of the labor supply has hitherto been an essential quality, so defeats its beneficent working that the great mass of poverty seems little if at all diminished.

If the preceding analysis, which is the merest summary of the conclusions of the most competent investigations into the whole problem, is true, it follows that a certain organized redirec-



tion of the demand for labor is the radical cure for genuine unemployment. Valuable aids are found in the systematization of labor, through public employment exchanges, through industrial and general training and guidance, through whatever regularization of seasonal trades is feasible, through the methods which reduce labor turnover, through the decasualization of casual labor, and through the control of hours and conditions of works. But these, important and necessary as they are, rather prepare the way for than provide the solution. *The demand must adapt itself more adequately to the supply than it is now doing if ever the central evil of modern industry is to be overcome.* Or, in other words, the supply must help to direct the demand no less than *vice versa*. The first great step on this road will come through the deliberate control of public work, its distribution, acceleration and retardation, according to the changing conditions of the "labor market." Now that governments, municipalities and other public authorities are becoming ever greater employers of labor, their power over the distribution of labor is growing enormous. This gives them a direct means of controlling the whole labor

market and thereby minimizing unemployment. The necessities of the transition period will probably compel them to apply this means as never before, and one may hope that the new insight into industrial conditions which they have been forced to acquire during the war will enable them to apply it with resolution and intelligence. So a great beneficent experiment may be set up which others than public authorities will follow.

I have said nothing of unemployment insurance as a remedy. It should be a last resort, and the more intelligence is applied in the directions already indicated the less will it be necessary. It should certainly be adopted in so far as other measures fail to abolish genuine unemployment. (Here, as elsewhere, it is necessary very clearly to distinguish genuine unemployment from the "out-of-workness" of the unhappily large mass of the industrially disqualified, who require treatment of a different order altogether.) But unemployment insurance is a confession of failure. The funds devoted to this palliative would in a wiser society be devoted to setting the recipients of insurance to fruitful work.

It is to be observed that a certain assumption

has underlain the argument of these last paragraphs. Until quite recently all plans to abolish unemployment awakened the Malthusian challenge. Your schemes are well enough, the objector would say, if it were not for the factor of population. Control that if you can and dare, but, until you do, don't think to control unemployment. You may absorb the existing surplus of labor by industrial readjustment, but the very security you thus ensure will breed future surpluses to break your newly established order. Your Eden, he would say in the famous words of Huxley, "would have its serpent, and a very subtle beast, too. Man shares with the rest of the living world the mighty instinct of reproduction and its consequences, the tendency to multiply with great rapidity. The better the measure of the administrator achieved their object, the more completely the destructive agencies of the state of nature were defeated, the less would that multiplication be checked." Here in fact, he would tell us, is the real explanation of the permanent surplus of labor above the demand.

And until quite recently he would have been well justified in his objections. But the answer

has grown so convincing, is so luminous in the statistics of the declining birth-rates of all advancing civilizations, that our Malthusian has retreated from his main position, and now talks only of particular menaces such as spring from the relative "fertility" of the poor as contrasted with the well-to-do, and of the simpler as contrasted with the more cultured races, not of the general menaces of "over-population." Even on these remoter grounds he is no longer safe from attack, and may be assailed by other statistics which show the correlation of high birth-rate and high death-rate, as well as by considerations of the advance of knowledge and the percolation of habit from "upper" to "lower" social strata, and from advanced to backward people.

The assumption then which has underlain the argument is that in the more advanced countries the development of industrial technique and the exploitation of the resources of the earth is in our age, and clearly promises to be in future, at least sufficient to keep pace with the growth of population. This fact is of the very first importance. If it were not a fact, all our plans to create a new industrial order—a better order of



any kind—would be vain, for every attempt to check the more pernicious competition which lowers the standard of life would be defeated by the operation of a baffling and inexorable law. The “principle of diminishing returns” would frustrate all efforts for human betterment and mock all visions of future progress. Those who look with fear on a falling birth-rate should bethink themselves also of these things. They should consider whether this decline, apart from the incident perversions which accompany every human process, is not the index of a new equilibrium of human life, which is being established as a result of its advance and is the very condition of any further advance. They should ask in the light of whatever philosophy of life they are able to attain, whether the quality of humanity is not a supream consideration than its quantity. These questions would indeed be easier to ask and to answer if once the spirit of militarism were exorcised out of our civilization. For it is one of the more abominable characteristics of militarism that it holds most in regard those quantitative properties of men which can be massed as mere external power, contemning all real values. While it rules in any

nation, it compels all others that would worship truer gods to sacrifice some of these values at its shrine.

There remains for consideration one source of over-supply which Malthus had no need to consider in that regard, but which has caused much doubt and questioning among ourselves. I refer of course to immigration. It is a subject beset by unusual difficulties. Here prejudice and interest combine and cross most subtly and curiously to warp our judgments, and the most opposite considerations unite the advocates of restriction and of the open door. If we confine ourselves, however, to the direct question of the effect of immigration on labor, the main factors of the situation seem fairly clear.

I believe that a carefully restrictive control of immigration is absolutely necessary to the establishment of the kind of industrial order already suggested. Not because there is no room or fruitful work in America for all the myriads who annually (in normal times) pass through its gates. The vast resources of this continent could sustain, given scientific cultivation of the land, and an economic distribution of the people, we know not

how many times its present population. And not because the newcomers, from Europe at any rate, cannot be assimilated into American life and raised—where raising is in question—to American standards. The response to the American environment of the children of the foreign born, even of those whom we remissly suffer to be insulated in racial colonies, is a most remarkable phenomenon. But the true reason for restrictive control is an economic one. The Report of the Immigration Commission provides much evidence to show that the low-skilled occupations into which the mass of immigrants enter are considerably overstocked. Too cheap labor is, like all cheap things, very expensive in the long run. Our society as a whole, as well as those directly concerned, suffers on account of the low standards, the overcrowding and the infection, the disorganization and the exploitation, which are the other side of too cheap labor. These evils cannot be avoided so long as unskilled myriads are allowed to flood the labor market. No standards can be maintained, no order can be built up in face of the competition of the immigrant-re-

cruited reserves of unemployed. This indisputable fact is the true ground for restriction.

The literacy test recommended by the Immigration Commission and enacted by Congress should prove a valuable safeguard. It affords the simplest, most practicable, and least invidious form of selection. Whether it is sufficient remains of course to be seen. But a more flexible method of control, working along the same lines, would have obvious advantages if feasible. The following plan is here suggested with this end in view:

The whole question of employment and unemployment is so central as to call for the undivided consideration of a body (or a branch of the Department of Labor) specially allocated to this task. Such a body might be constituted as a Federal advisory council in connection with a national bureau of public employment offices. It would formulate common standards for these offices and advise on common policy. Maintaining close touch with the whole demand-and-supply situation of labor, it would be in an excellent position to suggest from time to time a public works policy in harmony with that situation. It would advise accordingly as



to the distribution, the acceleration or the retardation of works undertaken or projected by the Federal Government and also by such other public authorities, state or local, as could be induced to coöperate with it.

Would not such a body be better qualified than any other to say, purely in terms of the employment situation, when and how far it was desirable to relax or tighten the immigration tests? The council would of course be able only to advise, and considerations other than the condition of the labor market might have to be weighed before action were taken in any particular case. But the paramount consideration is the condition of employment, as viewed by those who understand the prospective as well as the existing condition of demand and supply. The raising or lowering of the admission tests would not be a difficult matter. Literacy is a question of degree, and simple gradations could readily be determined, with the rudimentary ability to read and write as the lowest grade. These tests and standards, together with the ordinary regulations affecting immigration, could be administered under direction of the consular service in Europe and elsewhere, and thus

the hardships, delays and disappointments of rejection and deportation on this side would be avoided. A consular certificate would be the necessary and sufficient permit of the intending immigrant.

There are of course real difficulties involved in this plan, but we must bear in mind that we are dealing with an extremely difficult problem. The present time offers a most favorable opportunity for judicious experimentation while the check which the war and its aftermath have given to immigration lasts. Finally, any general policy of immigration should, if possible, be one concerted between the United States and Canada, on account of their common interest in the matter and of the frontier difficulties and evasions arising from a discrepancy of standards.

## CHAPTER XII

### THE LABOR OF WOMEN

*The position of women in industry. The squat pyramid. The influence of the war on the sphere of women's work. The unequal competition of men and women. The dilemma of "equal pay for equal work." Is there a way out?*

THE famous declaration that a country cannot endure half servile and half free may be directed with peculiar force to the present relationship of men and women in industry. Unless the woman worker too is emancipated, the emancipation of the man worker must always be hazardous and incomplete. This is not the ultimate reason why society should be concerned over the industrial status of women, but it is that which is most likely to appeal to those men workers whose too narrow but quite natural fears have led them to oppose, in the case of women, the claims on which they have been most insistent for themselves.

The lot of women in industry is, without qualification, the most damning indictment of our present system. Consider for a moment the general character it presents. As an economic structure, the work of women in industry, before the period of the war, might be likened to a broad-based and very squat pyramid. The lowest tier would include the multitudes of women in the "sweated industries," seamstresses, tailoresses, dressmakers, lacemakers, flowermakers, boxmakers, and all others engaged in that dismal survival of the old in the new, the home finishing of factory goods; with these must also be grouped many of the workers in uncontrolled semi-domestic factories, as for example in small canneries, bakeshops, and laundries—all these subject, between the intervals of unemployment, to excessive hours of labor and to conditions that undermine the health of body and spirit. And by this labor, patient and persistent beyond the labor of the scripturally commended ant, they earn so poor a pittance that great numbers of them are permanently underfed, permanently deprived of the comforts and decencies of life. Arising out of that level, by fine gradations, come the ranks of women who feed and



tend machines, drudge labor badly paid; and with these the majority of salesgirls in stores. From that level there emerge the office-workers, stenographers and secretaries; and above these, in rapidly diminishing numbers towards the apex of the pyramid, the women managers and entrepreneurs, the "business women" of modern days.

The youth of the nation's womanhood, in ever-increasing multitudes, is thrust by economic forces into the lowest tiers of this squat pyramid, with in general no industrial training, no guidance, no fit preparation in general education, no prospect but that of escape by marriage. Before the war nearly half the women workers of America were under 25 years of age, and of those over 15 years of age 80 per cent (according to the evidence of the U. S. Census Bureau, 1905) received less than what might have been roughly regarded as an average subsistence-rate, i. e. \$8 per week.

It is clear that here we have a situation deserving most earnest consideration, if by any means the womankind of our civilization can be rescued from the drift of those social-economic forces which have brought about this result. Nowhere is the need of persistent industrial rebuilding

greater than here. Before we discuss it, however, we must observe the significant changes occasioned by the war, the further great influx of women into wage-earning work, the direct replacement of men by women, and the entry of women into occupations hitherto monopolized by men.

The process may be seen more clearly under European conditions, where the pressure and the displacement have been greater in proportion than in America. Thus in the United Kingdom, by January, 1918, the number of women and girls in industrial occupations had increased, as compared with July, 1914, from 2,175,500 to 2,708,500, and in other occupations (commercial, agricultural, transport, professional, and governmental) from 1,099,500 to 2,042,500, making a total increase of 44 per cent. The same authority (the British *Labor Gazette*) places at 1,442,000 the instances in which women have directly replaced men. In the earlier period of the war the influx of women was mainly into the unskilled occupations in which they had previously been engaged, but the pressure of military demands gradually broke through the barriers of convention prejudice, and *both real and unreal sex-distinction* which had made certain oc-

cupations, such as those of bank-clerk, ticket-collector, conductor, chauffeur, switch-tender, and many others, predominantly or entirely a male preserve.

These changes, which have occurred to a greater or less extent in all belligerent countries, make more imperative the settlement of an old industrial problem, the relation of women to men in economic life. The pre-war position was most unsatisfactory. Here, as elsewhere, the civilized world had allowed itself to become the victim of its own technological advance. There was perhaps never a time when the working spheres of men and women were quite distinct—Eve delved as well as span—but there was certainly a time, before the days of wagery and machinery, when the unequal competition of women and men was unknown. The industrial revolution put an end to that, and its later developments, breaking ever more completely the system of apprenticeship and the demarcation of crafts, fostered a very direct antagonism between the interests of men and of women in industry. Economic necessity drove women into industry, but under conditions which ensured that, wherever they entered in numbers,

the rate of wages fell below subsistence level. (Even in occupations where men retained their "monopoly," the fact that their womenfolk entered into industry, and thus contributed to the family wage, lowered their competitive limit and probably tended to reduce their wages. This conclusion is suggested at any rate by the lower level of men's wages in "textile" towns, where nearly all the adult members of working families are engaged in industrial work, as compared with the rates in the "steel" towns, where the men form the majority of workers.) It was thus inevitable that men should jealously guard from their invasion whatever preserves they could. But, as the workers have so often found, the industrial process is too powerful to be stayed by conventions, and the war has merely hastened an inevitable evolution. No restoration of old privileges is likely to avail; no general withdrawal of women from the newly occupied territory is probable—or even desirable. Another way out has to be found.

The root of the trouble is of course the social-economic distinction between the man and the woman, the different relationship to the family



unit which makes it possible for women, in spite of various real handicaps of sex, to underbid men. It is a peculiarly ironic situation, since it was his sex-advantage, from the economic point of view, which placed on man's shoulders the economic burden of the family, thus enabling the woman, in the turn of circumstance, so to outbid his labor as to imperil the basis of their common welfare.

So little has been done to meet this situation, so closely is it bound up with those sex prejudices which still tangle our civilization, that only a first approach to the solution of the problem seems possible to-day. What is in the first place most necessary and most feasible is the organization of women workers. Most feasible, but still very difficult, in view of their own apathy, of their general transitoriness in industry, of the obstacles put in the way not merely by employers but often by male workers, and of the never-exhausted reserves of employable women. Nevertheless, such remarkable and fruitful examples of organization among women as have been achieved in the cotton industry of Lancashire and in the garment-making industry of New York, Chicago, and other cities, offer grounds for hope. It is also significant

that some unions formerly limited to men have opened their ranks to women and are furthering their organization. The activity of the Women's Trade Union Leagues of Great Britain and of the United States respectively and of the British National Federation of Women Workers has met with a certain degree of success. What is most obvious to all who have been in contact with this work is the need for persistent education, a task in which the male trade unionists, in the interest of themselves as well as in that of the women workers, should take the greatest share.

The phrase "equal pay for equal work" is often taken as pointing the goal to be sought in the relation of men and women in industry. But the phrase, we ought clearly to realize, represents an ideal still far distant, and one which, like some other phrases expressing a common standard for men and women, is by no means self-explanatory. If all industry were on a piece-work basis, the application would be simpler. But the real differences of strength, aptitude, and endurance, between men and women make its application to time-work a matter of great difficulty. Here the actual differences in economic efficiency, varying

as they do for different types of work in ways which only experience reveals, must first be determined, and this should be the work of a joint committee in each case, comprising, besides representatives of the management, both women and men workers. For that large group of occupations wherein the majority of workers are women receiving below-subsistence wages, the only practicable method at present seems to be the establishment of Trade Boards, on the lines initiated by the British Act of 1909, or of Minimum Wage Boards, as adopted in principle by the legislation of over a dozen American States and of a few Canadian Provinces.

All this is of course but a fragment of that greater organization which is needed to assure the emancipation of women from their present economic dependence and of men from its direct and indirect reactions upon themselves.

For to reorganize the industrial position of women on the lines just indicated, working towards the attainment of virtual equality of return for equality of service, is to accept one horn of an old dilemma, not to remove it. The dilemma is simply this: if women receive unequal pay

for equal work, it is unfair and injurious to themselves, and at the same time it creates a type of competition which is unfair and injurious to men; if on the other hand women receive equal pay for equal work, is that, too, not unfair and injurious to men who, as family "bread-winners," still bear the heavier burden? If taxation is considered fair when it is graduated in accordance with the economic capacities of the payer, why not wage-rates graduated in accordance with the economic burdens of the payee? Would not the very remedy proposed against unfair competition, equality of pay, operate to produce another and perhaps more fatal inequality? And is not the disparity of burden in question, establishing as it does differential limits of competition for men and for women respectively, one of the causes which naturally produced the difference of rate? If you abolish the difference, stemming competition by decreeing equality of rates, what guarantee is there that this equality is consistent with the necessary level set as a minimum for the family breadwinner?

The dilemma is real and not to be evaded. By itself the alternative for which we have argued



is no complete solution of our problem. So far as that can be found, it must be sought through the development of the general economic independence of women, not merely of their equality in wage-earning. Here is a momentous enterprise that civilization may some day undertake. It involves, in especial, such a reorganization of society that the task of raising children is itself accounted an economic service (being also of course infinitely more) and not a cause of dependency. It is the partial independence, economically, of women which has created this fateful dilemma: independence as receiving wages at all, partial as receiving them on a different scale and only for such service as lies without the peculiar function of women. At one time all forms of work fell within the wageless "household duties" of women—then there was no dilemma. This arose with the displacement of home work which was a part of what we call the Industrial Revolution. When women followed their work to its new locus in factory or store, they broke, all unintentionally at first, the circle of dependent domesticity. The process goes on. Not only is the displacement of home work proceeding as restaurant and bakeshop

and laundry cater to needs once supplied within the household, but there is besides a tendency to the division of labor in household work itself, so that wage-earners are being specialized to do the cleaning and mending as well as the plumbing and decorating. It may well be that some day only the crowning occupation of motherhood will remain, so far as the majority of women are concerned, outside the sphere of service which has a direct economic valuation. If the suggestion that the service of motherhood should also be included within that sphere seems like sacrilege to some, it is because of a false and itself degrading theory of the dependence of other forms of service on the economic return which they bring. It in no way lessens the dignity or quality or social incommensurability of the service rendered by, say, the statesman or, if you like, the priest that he finds in his work the means of his support. At present the most vital form of home service is an *alternative* to wage-earning, and one result is, in many cases, a disastrous dilemma. Many married women—and not these alone—have to-day to choose between home-duty and wage-earning, and both themselves and their society must suffer

whichever of these bitter alternatives they choose. It is this truth which has led, in particular, to schemes and systems of "mothers' allowances" or "pensions," as a further step along the road leading to economic independence in return for service.

But this theme lies beyond the scope of our present subject, beyond the compass of mere present-day industrial reorganization. It must therefore suffice to state the conviction that age-old social forces, initiated long before the existing industrial order was constituted, though particularly active in our own times, are working towards the consummation of that equality in difference of the sexes which will bring, as one of its fruits, the restoration of their economic harmony.

## CHAPTER XIII

### THE DAY OF BIG THINGS

*Reconstruction, not restoration. The three great industrial problems of the day. One way of solution for all three. Big industry and big ideas. "More light—but also more warmth." Education, scientific and social. True and false applications of science to industry. The shortcomings of the Taylor plan. Experiments in the garment industry. The need for social education. The end behind the means. Labor as also deliverer.*

#### I

It is a sound instinct that has prompted the vogue of the word "reconstruction" in these days. It is reconstruction, not restoration, that should follow the war. Return is now impossible, across the chasm of war, to the conditions that preceded it. Return, were it possible, would in any case be undesirable. Those who advocate it convict themselves of the most fatal of inabilities, the inability to profit by experience. Experience



teaches fools, runs the proverb: on the contrary, the fools are just those whom experience does not teach.

There are three great industrial problems that now the war is ended demand our most earnest thought, one of a temporary and two of a permanent nature:

(1) How to absorb in the ordinary industries of peace, with as little dislocation and discontent as possible, the soldiers who have returned and the workers who have been engaged on war work;

(2) How to remove the disintegrating conflict between labor and capital which was growing more and more bitter before the war;

(3) How to increase the efficiency and productivity of industry, not only in order to make good the material ravages of war, but to provide those material resources on which—though not on them alone—depend the removal of the existing mass of poverty and the provision of that opportunity and leisure without which life remains tragically unfulfilled.

These are tremendous problems. Taken together, they may well seem overwhelming. If each had to find a separate solution, we might

well despair of the issue. But I hold that the same solution can and must be found for all the three. First let us face the surely obvious fact that needs so great and so urgent cannot be met without a drastic revision of the whole industrial order. If we are not prepared for that we must admit the alternative of drift and chaos. The other alternative means the substitution of organized coöperation for industrial conflict and disorganization. Some of the applications of this principle we have already discussed—a few out of many. What these and other reforms can accomplish is, simply, *the broadening of the common interest*. This involves, let us face it frankly, the elimination of the *mere* wage-earner on the one hand and consequently of the *mere* capitalist on the other. The interests of these are inevitably opposed. The opposing interests, if indeed there is to be advance at all, must somehow be harmonized, be assimilated.

This fact is being recognized by the more far-sighted employers of labor. Thus Lord Leverhulme has said: "It is not only that the wage-system, by precluding from a share of the fruits of industry, is manifestly unfair, but it is also

apparent even to the least thoughtful that the wage-system dulls and deadens the keenness of even the best and most conscientious workers, and produces a mob of 'ca' canny' shirkers and slackers."

If this be true, what condemnation could be more great? If it be true, is it not worth some risk, some enterprise, some thought, some sacrifice, to establish a better system which will replace one so detrimental to human worth as well as to material prosperity? And if that is possible at all, it must be possible now, when the iron of our customs has become malleable in the fire of war.

It is the day of big things. We have witnessed the biggest armed conflict of all history: we shall miss its monstrous meaning unless we perceive it as the clash of forces which our civilization had engendered but was impotent to control. In the face of the big forces, both material and spiritual, which our age has brought to birth we have stood like children possessed of a new engine whose powers attract and frighten them—or like the magi of medieval story who raise a spirit so mighty that they shrink back from its manifesta-

tion. In industry, as elsewhere, bigness rules. Economic forces unite and divide mankind over all the earth, here bringing them together in one vast network of production and exchange, there, in the apportionment of the spoils, cutting great lines of cleavage between them. It is the day of big things, but our ideas have been too narrow for them. We have misunderstood bigness while we admired and followed it. We have thought in terms of size, of mere aggregation; of force, of mere cumulation. But bigness is more than these. Where it exists there must be a big order, too—or else the overgrown mass collapses of its own mere weight.

Big industry demands big purpose. Big industry has big problems, but it is thereby freed from little problems. Small-scale business in a growing world is hand-to-mouth business, hazardously competitive, unstable. No wide policy is here possible, no statesmanship, no foundation of generous and secure relationship. Small business must seek every immediate advantage, the profit of the moment, lest another snatch it away. Life becomes a struggle with little mercy, and the worker in particular is never freed from grinding



exactions, the operation of the "iron law" which pulls his wages to the subsistence level. Large-scale business, in relation with the social and economic conditions on which it depends, makes possible a wider view, a more constructive policy. By breaking the immediate insistence of the competitive struggle it makes possible, could men only shake off the habits of the passing age, the deliberate foundation of a more harmonious and enduring order.

So men may come to build what, in comparison with the present, may well be called the "great society"—not merely the great State, but that manifold life of coördinated and yet spontaneous activities which, instead of being dominated and in part repressed by a State devoted to the pursuit of power, will find in the State one of its essential organs.

To many such a project will appear the Utopian dream of a new heaven and a new earth. But every act of every man's life is a record of his belief that the world can be changed for the better—so far as he is concerned—and if his action be a coöperative one, so far as that circle can extend. Anyhow, it has now been made

abundantly clear that men can make themselves a new hell, which very fact may perhaps inspire them to enhance their estimate of the possibility of making a new heaven. In the order of social causality there are upward and downward spirals. Thus, in the labor field for instance, low efficiency means low wages, which means low living standards, which react again on efficiency and on wages; high efficiency permits high wages, which in turn make possible leisure and education, which make possible higher efficiency, which makes possible higher wages, and so on. Of course these spirals of causality may be crossed and broken by social forces of another kind. But they are nevertheless real and most significant, and they justify at once the hopes and the efforts of those who believe in "reconstruction."

## II

We have been concerned in these chapters mainly with questions of organization. But organization is the embodiment of a spirit, and reorganization requires in the first place a new spirit. Science, though most needful, will not alone secure the desired end. In the language of the British

Labor Manifesto there is needed "more light—but also more warmth." Science (in the narrower sense of the term) must be supplemented by fellowship. Only when these two link forces can the battle be on.

We need, more than anything else, education. All else depends upon that. We need a great development of both technical and social education; and the more attention we devote to the one the more should we devote to the other. It is, quite strictly, impossible to spend too much on education, which is the soul of the progress of men and of nations. Technical education is the source of power, social education the source of understanding; and power together with understanding has led mankind thus far on its untraveled road. It is a happy sign that governments and peoples are awakening to the immense value of scientific research and beginning to make some proper provision for it, instead of, as so often hitherto, regarding it as an amiable luxury to be pursued by aid of such meager resources as devoted scientists could muster. One discovery of science may serve mankind better than an age of unenlightened toil. But science is not

enough. As the war has shown, it can either destroy or fulfill.

It is when we come to the relationship of man to man that this objective science proves inadequate. This may be illustrated by the fate of the Taylor plan of "scientific management." Taylor himself was particularly concerned with one kind of industrial waste, that due to the maladjustment of worker to work in the sphere of heavy unskilled labor. He wrote a famous little book to demonstrate how the application of the simplest scientific principles would save the worker from overexertion and fatigue, and at the same time effect a marvelous increase in his productivity. The demonstration seemed complete. "Scientific management" was acclaimed by many as a new stage of the Industrial Revolution. Further applications of the principle were developed by Taylor and his followers, such as Emerson and Gantt. But the workers showed a particular hostility to this method of saving them from strain and fatigue, which disconcerted Taylor very much. It was something more than the usual instinctive fear of unemployment through efficiency. It was also the not unjustified fear of economic degrada-



tion, of the loss of initiative, and of the destruction of those safeguards which they had painfully built against internecine competition. Taylor had thought and planned too much as if the worker were merely a means to production, as if he were to be treated like a machine, an automaton, a will-less subject for stop-watch experimentation. His not to reason why; his to bend his back when he was told, to rest when he was told, to start again when he was told. And the worker, so strangely objecting, spoiled many a promising experiment. Fundamentally, it was not that he preferred over-exertion and fatigue; it was not that he preferred to be less productive; it was that, like the rest of us, he was a human being first.

Yet the heart of Taylor's idea was sound. Inefficiency is always evil, defeating our purposes, and science is always right. What was wrong in Taylor's scheme was, in a sense, that it was not scientific enough. He did not realize how efficiency depends on coöperation, and coöperation on common interest. His science was inadequate because it left out of account the most important factor of all. His plan was no remedy against the conditions which breed listlessness and slacking. It

contained no answer, for example, to the unhappily common argument, "What's the use? If we drive too many rivets to-day, to-morrow we'll get hell for letting up." On the contrary, it was calculated to foster that spirit, by still further reducing the interest of the worker in his work. It was not scientific enough, because it ignored psychology. It is there that the science of autocracy always fails.

Inefficiency is always evil. There can be no general gain from deliberate limitation of output, whether adopted by labor with a view to prolonging employment, or by capital with a view to increasing profits. "What the nation needs," says the British labor manifesto already quoted, "is undoubtedly a great bound onward in its aggregate productivity." That is a necessary condition of our release from the heavy burden of poverty.

What then is the solution? It is instructive to compare Taylor's method of applying science with another which not long ago was adopted in that home of significant experimentation, the dress and waist industry of New York City. Here too science has been invoked to redeem the loss due to the ordinary haphazard methods of working. This

is being achieved, however, not through the fiat of the management but by a joint board of employers and workers, with in addition some representatives of the public. Employers and workers have in fact coöperated to investigate the best conditions of work, to make a real scientific study of the nature of the materials and the skill of the operators in their relation to the various results desired. The workers entered wholeheartedly into this scheme of "work-analysis," as being their own plan also, and they in fact share in the expense as well as in the deliberation it involves. It promises consequences of far-reaching importance, an efficiency and a productivity beneficial to all concerned. And it is more, not less, scientific than the Taylor plan, because it takes into consideration the psychology of the worker as well as the technology of the work. Partial and limited as it is, it does suggest the union of science and fellowship. It is at least an attempt to reconcile these two factors which must somehow be reconciled, self-government and science, the one the condition and the other the means of the realization of all for which men live.

I have not cited this case as revealing any com-

plete solution of the problem of industrial relations. It is far from that, but it is nevertheless one of those experiments which reveal a step farther on the road. The goal of science joined to fellowship is still far ahead—a thousand obstacles of self-interest, ignorance, and misunderstanding lie between—but every step that brings it nearer makes more clear that vision of the goal without which nothing can be attained at all.

Science provides the means, but we badly need enlightenment as to the ends they serve. Science shows the road to productivity, but productivity for what? If by our social indifference and lack of direction we increase productivity by means which wear or degrade the producer, what good is that to society? If productivity is increased by the labor of children, thus debarred from education and subject to toil that rubs the bloom off youth, does the country gain or lose? What good is it, at that price, to sell, let us say, more textiles in the South American market? Productivity is essential, but it must not be at the cost of the producer. Productivity is justified only by the welfare it makes actual. It is no idol to be worshiped nor any justification of those specious



arguments which bid us acquiesce in evil conditions for its sake, arguments which are calculated to support our mental inertia and to maintain our mental comfort undisturbed. This is indeed the ugliest thing in human nature, that men can come to value their comfort and serenity about the life and happiness of multitudes.

Against this the only hope lies in social education; education in the character and needs of our society and in the real conditions on which its greatness depends; education which makes plain the end behind the means, the idea and the forms of social welfare to which all economic activity should be subservient; education which, in short, can help men to live together as well as to work together. For no more in living well than in working well do our unguided instincts serve.

Education may not engender the spirit of humanity, but it directs it, justifies it, and thereby stimulates it. Education shows the economy of coöperation. It discovers connection and mutual dependence in what seemed unrelated. It alone can destroy the basis in ignorance on which the whole spirit of caste, which denies likeness and

draws apart from that of which it is a part, is founded.

If this avails not, nothing avails. You may deny the old definition of man, which distinguished him as the rational among animals. On the contrary, you may say, a bundle of prejudices and habits, affinities and antipathies (which is merely to insist that he is animal as well as rational). But you cannot deny that he is, if not always rational, still always reasoning, for he makes his prejudices the grounds of his too simple conclusions. The most irrational types, as, for example, the jingo militarist, are often the most rigorous in their logic. Now the prejudices of men depend on their environment present and past, on their social conditions, largely on their education. And no one denies that these may be in a measure changed. This is, in a word, the case for social education. The knowledge of the actual conditions under which men live, of the causes and consequences of their modes of life and of work, of the ways in which institutions advance or retard their ends—this, most imperfect as it is, constitutes the best means available for dispelling prej-

udices and so helping to convert reasoning into rational creatures.

Labor may thus, in seeking deliverance, prove also a deliverer. The "labor movement" in the world of to-day, in so far as it insistently brings to our attention the maladjustments of our social order, is helping, and if wisely directed can help still more, to break that bondage of custom and complacency which robs ideals of their power.

## CHAPTER XIV

### SOME PRACTICAL CONCLUSIONS

IF the argument set out in the preceding pages holds, there are certain large policies which need to be carried into effect that the great cleavage of labor and capital may be narrowed to a normal conflict of orderly social forces, instead of being widened into the gulf of anarchy. These may be summarized as:

I. The establishment of specific minima and maxima to ensure a basic standard of well-being, and

II. The assurance to the worker of his social position as finally not a cost of but a partner in production.

The minima and maxima referred to in I would include:

(a) maximum hours of work for every class of worker in every industry (subject, of course, to special arrangements for voluntary overtime under certain circumstances);



(b) minimum wage-rates for unskilled and unorganized labor based on the principle that no one who serves the community shall receive for that service less than suffices to ensure for him or her the material conditions of healthy living;

(c) minimum wage-rates for every grade and kind of worker above the classes included under (b), determined periodically by joint agreement of all parties directly concerned, it being stipulated, as a necessary condition, that all shall have free access to every form of technical and occupational training and thereby free entrance into any skilled trade;

(d) minimum age regulations so as to prevent the exploitation of children and young persons in industry, and to ensure the proper education of all young persons;

(e) minimum requirements in each industry to ensure the protection of the worker, male and female, against all avoidable fatigue, accident, ill-health, poisoning and disease; together with insurance against the economic consequences of these evils.

Certain of these conditions can best be secured by international agreement. The wider the area over which uniformity in respect to minimal requirements is attained, the better. Others are or can be attained by independent legislative enactment. But in nearly all cases such measures find their strongest and best support in the organization of the industries concerned as, within limits prescribed by the State, self-determining bodies.

The minima referred to under (b) and (c) are particularly hard to apply, and the development of the principles involved will call for a special subdivision of economic science. An initial difficulty often raised may here be briefly dismissed, viz. that a rise of wages means a rise of prices, and so merely creates a vicious circle at the end of which the worker is no better off than before. This *prima-facie* view ignores the relation between prices and the currency-basis. The employer who resists the demand for higher wages knows better. In general it is not possible to raise prices at will. No more is it possible to raise wages at will, but only where the industry does or can produce a surplus, a further portion of which can be diverted to wages. (But the minimum

wage should in every case be regarded as a first lien on industry. Unless it can support that, it is insolvent and an encumbrance to the general industrial life.) Under conditions of monopoly or quasi-monopoly the control of prices by capital may be such as to create the vicious circle alluded to: and under these conditions special regulations are necessary, nationalization being always possible as a last resort.

The assurances referred to in II must insure the principle that labor is, from the social standpoint, not a cost of but a partner in production, and the following conditions are necessary:

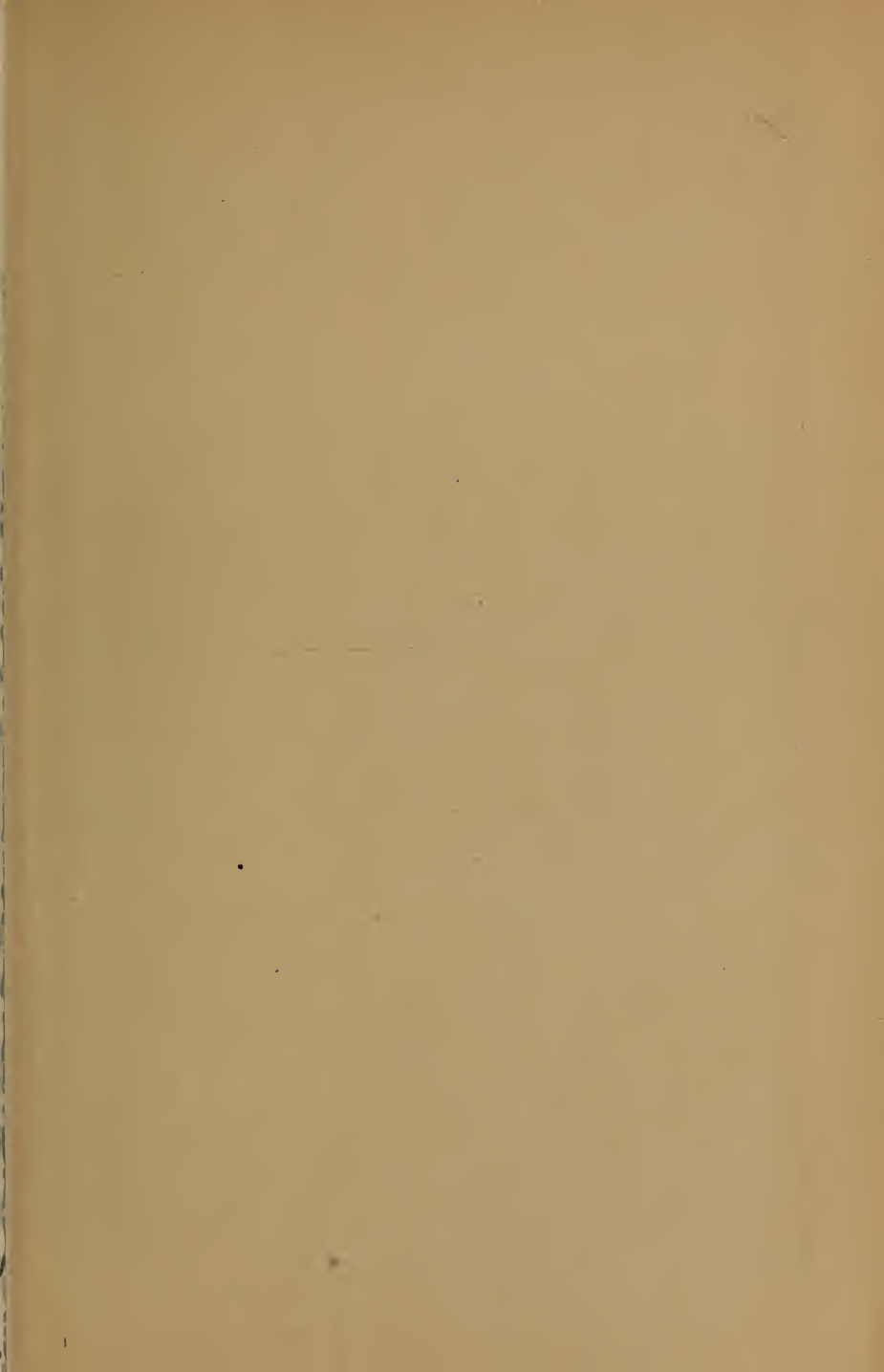
- (a) Security against unemployment and in the last resort, wherever that proves impossible, security (through insurance) against the consequences of unemployment;
- (b) Security against arbitrary dismissal, unfair treatment, and exploitation of any kind.

These assurances, however, cannot be attained, nor in any case would they suffice, without a further provision of the first importance, viz. that the organizations of the workers, where they exist, be brought into direct relation to the manage-

ment, being fully informed of the condition and progress of the industry in the particular workshop and in general, and that the workers, in so far as organized, be admitted to any council which has to do with determining the conditions of their work.

A complementary condition is the recognition, on the part of labor, that all organization creates in some sense a monopoly, and that therefore, if it receives these assurances against capitalistic monopoly, the community is in turn entitled to a still wider assurance, viz. that it shall have, through freely constituted government, the final voice, when that becomes necessary, in the co-ordination of all the conflicting interests within it. If labor is given these assurances that its own special needs shall not be over-ridden, it must in turn offer assurances that it shall not, in pursuit of its own interests, disregard or break its obligations under law to the community at large. The establishment of special industrial courts, advocated in c. VII, would make vastly easier this co-ordination of interests.

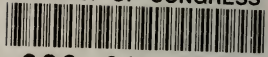








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